

SENATE

THURSDAY, MAY 4, 1944

(Legislative day of Wednesday, April 12, 1944)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, refresh our souls and restore our faith as in all the bewilderment of the world's fiery strife our burdened hearts seek the quiet sanctuary of Thy healing presence. By the mute arms of white crosses stretched in alien lands, hallowed by the wordless courage of our fallen sons, by the invincible legions of the dauntless offering their young strength and the full cup of the joyous years to be, to rid their world and ours from the black plague of a pagan cult, comes Thy solemn summons to discipline, to toil, and to ceaseless prayer, for we, too, are soldiers arrayed against the common foe. Thou only art our strong tower and sure defense amid the flood of mortal ills prevailing. Though the air be tremulous with anguish and anxiety, yet will we not fear. Though a host encamp against us, in this will we be confident: Thou makest the devices of the wicked of none effect. The counsel of the Lord standeth forever, the thoughts of His heart to all generations.

Keep our goals clear, our hearts pure, our spirits courageous, as we never turn our backs but march breast forward. In the name that is above every name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 3, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 698. An act to amend part II of Veterans Regulation No. 1 (a); and

S. J. Res. 112. Joint resolution authorizing and directing the Fish and Wildlife Service of the Department of the Interior to conduct a survey of the marine and fresh-water fishery resources of the United States, its Territories, and possessions.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

PERSONNEL OF THE LAND FORCES

A confidential letter from the Secretary of War, reporting, pursuant to law, relative to the personnel of the land forces on March 31, 1944, in active training and service under the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Attorney General, submitting, pursuant to law, a report stating all of the facts and pertinent provisions of law in the cases of 92 individuals whose deportation has been suspended for more than 6 months under the authority vested in the Attorney General, together with a statement of the reason for such suspension (with accompanying papers); to the Committee on Immigration

LEGISLATION ENACTED BY LEGISLATIVE ASSEMBLY, VIRGIN ISLANDS

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, copy of legislation passed by the Legislative Assembly of the Virgin Islands (with an accompanying paper); to the Committee on Territories and Insular Affairs.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

Resolutions adopted by the twenty-fourth annual conference of the Western Association of State Game and Fish Commissioners at Phoenix, Ariz., as follows:

A resolution protesting against the practices and activities of the Department of the Interior and Truckee-Carson Irrigation District, Nevada-California, with respect to hunting, fishing, and trapping upon the public domain on custodial lands;

A resolution favoring the enactment of legislation to amend the Federal-Aid and Wildlife Restoration Act so as to remove present restrictions against the use of funds thereunder for maintenance and operation of projects completed under its provisions;

A resolution opposing any relaxation of the sanitary embargo on the importation of meat and meat products from countries where the foot-and-mouth disease is epidemic; and

A resolution favoring certain regulations with reference to the migratory waterfowl season of 1944-45; to the Committee on Agriculture and Forestry.

A resolution favoring removal by the Office of Price Administration of ceiling prices on beaver pelts and the pelts of fur-bearing predatory animals; to the Committee on Banking and Currency.

A resolution condemning the practice of certain localities of using lakes and streams for sewage disposal and urging the inclusion of projects for adequate facilities therefor in post-war program planning; to the Committee on Commerce.

A resolution relating to the conservation and restoration of fish and wildlife on Indian reservations and suggesting certain provisions to be embodied in legislation for its regulation; to the Committee on Indian Affairs.

A resolution protesting against the creation by Executive order of the Jackson Hole Monument in the State of Wyoming and favoring the enactment of House bill 2241 to rescind the order;

A resolution favoring the enactment of legislation to provide that the reduction of overstock of all fish, game, and wildlife in national-park areas shall be reserved to public hunting and fishing by permits under jurisdiction of the States concerned;

A resolution protesting against the requirement by any Federal agency of addi-

tional lands in Western States except with specific approval of the legislature of the State concerned, with reservations of the right of public hunting, fishing, and trapping under State jurisdiction; and

A resolution relating to provision by the United States Reclamation Service of screens and other devices for the protection of fish in waters upon which irrigation, power, and industrial development projects have been or shall be constructed; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A letter in the nature of a petition from Leo J. Hoff, secretary-treasurer of Barbers Local No. 185, of Kansas City, Kans., praying for the enactment of the bill (S. 1700) to amend the District of Columbia Barber Act; to the Committee on the District of Columbia.

DEVELOPMENT OF ST. LAWRENCE—RESOLUTION OF BOARD OF SUPERVISORS, JEFFERSON COUNTY, N. Y.

Mr. AIKEN. Mr. President, I present, and ask to have appropriately referred, a resolution in favor of the development of the St. Lawrence River which was adopted by the Board of Supervisors of Jefferson County, N. Y., on May 1, 1944.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution 35

Resolution re development of the St. Lawrence River

Whereas Jefferson County is vitally interested in the development of the resources of New York State and especially in the development of northern New York; and

Whereas the development of the St. Lawrence River and the power available in the said river will tend to promote the welfare of the citizens and residents of the State and county; and

Whereas the Legislature of the State of New York by unanimous vote adopted a resolution declaring that this State urgently desires that the St. Lawrence River be developed to furnish low-cost power to millions of power users engaged in industry, agricultural and commercial pursuits; and

Whereas the Alkin bill, S. 1385, providing for the development of the St. Lawrence River, has been introduced in Congress and is being considered by the Senate Committee on Commerce: Now, therefore, be it

Resolved, That the Jefferson County Board of Supervisors hereby declares its approval of the project and petitions the Congress of the United States to enact such legislation as may be necessary to initiate and complete the development of the St. Lawrence River; and be it further

Resolved, That the clerk of this board be instructed herewith, to send certified copies of this resolution to the Senate Committee on Commerce and to such other officials and persons connected with the proposed legislation as he may deem proper.

WORLD INTERNATIONAL ORGANIZATION; APPEAL OF COMMISSION ON A JUST AND DURABLE PEACE

Mr. BALL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD and appropriately referred an appeal sent by the Commission on a Just and Durable Peace to the President and the Congress to take action immediately to set up a world international organization in conformity with the Moscow agreement.

This appeal is signed by 1,251 clergymen and laymen throughout the country.

There being no objection, the appeal was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

AN APPEAL TO THE PRESIDENT, THE CONGRESS, AND THE PEOPLE OF THE UNITED STATES

We, the undersigned, believe that the time is at hand when a concrete beginning should be made to realize the Moscow Declaration and Connally resolution which recognized "the necessity of establishing at the earliest practicable date a general international organization. . . . We need now at least the nucleus of such a general international organization in order to promote unity of political and diplomatic decision by the principal United Nations and consistency with such aspects of the moral law as have been proclaimed by the Atlantic Charter and other declarations of the United Nations.

If, however, international organization is to serve its purpose of achieving just and durable peace, it must from the beginning be planned to become universal in membership and curative and creative in purpose.

We subscribe wholeheartedly to the affirmation, "six pillars of peace," of the Commission on a Just and Durable Peace, instituted by the Federal Council of the Churches of Christ in America, that not only must there be the political framework for a continuing collaboration of the United Nations, but that such collaboration should, as quickly as possible, be universal. We also believe, with that commission, that the international organization which is established should have not merely the task of seeking physical security but responsibility to deal regularly with conditions which contain the seeds of future war. It should be designed to seek the change of treaty conditions which may develop to be unjust and provocative of war; to bring within the scope of international agreement those economic and financial acts of nations which have widespread international repercussions; to promote the attainment of autonomy as a genuine goal for dependent peoples; and to assure for people everywhere a regime of religious and intellectual liberty.

We appeal to the President, the Congress, and the people of the United States to work vigorously for practical steps which will initiate such an organization.

**INTEREST RATE ON FARM LOANS—
RESOLUTION BY KANSAS FEDERATION
OF NATIONAL FARM LOAN ASSOCIATIONS**

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution adopted by the Kansas Federation of National Farm Loan Associations at Wichita, Kans., taking a stand in favor of the reduction of the rate of interest on Land Bank Commissioner loans to 4 percent, including new loans made by the Federal Farm Mortgage Corporation.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Be it hereby resolved, That the Kansas Federation of National Farm Loan Associations at its regular board of directors' meeting held in Wichita, Kans., on March 21, 1944, have adopted the following resolution which is of the effect that all Land Bank Commissioner loans should be reduced to 4

percent and new loans made by the Federal Farm Mortgage Corporation should be made at that rate of interest effective June 30, 1944.

E. S. PARSONS,
President.

Attest:

PAUL MANN,
Secretary-Treasurer.

**RESOLUTION BY KANSAS CITY SYNOD
OF EVANGELICAL AND REFORMED
CHURCH**

Mr. REED. Mr. President, I ask unanimous consent to present and have printed in the RECORD as a part of my remarks and appropriately referred a resolution adopted at the annual spring meeting of the Kansas City synod of the Evangelical and Reformed Church, at Kansas City, Kans., on April 18-20, 1944.

There being no objection, the resolution was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the number of men who would be exempted, except for the recent action of the Selective Service System, which stops deferment of pretheological students after July 1, 1944, is relatively insignificant to the total number of men involved; and

Whereas such action threatens the effective functioning of the church in maintaining the moral and spiritual health of the Nation by cutting off the source of future leadership; and

Whereas such action discriminates against the uninterrupted flow of men into the calling of the ministry (as against the Government program assuring such for other professions); and

Whereas such action in practice becomes very discriminating against the churches of protestantism:

Kansas City synod of the Evangelical and Reformed Church, representing churches and pastors in Missouri, Kansas, and Oklahoma, in annual session at Kansas City, Kans., April 18-20, vigorously protests such action of the Selective Service Commission of recent date and respectfully insists upon such an amendment of the regulation that will remove these injustices and restore to the church the possibility of preparing an adequate number of young men for the ministry.

Dr. D. C. JENSEN,

Secretary of the Kansas City Synod.

**RESOLUTIONS BY LIEUTENANT RICHARD
S. ROSS CHAPTER 3, DISABLED AMERICAN
VETERANS OF THE WORLD WAR—
VETERANS' BENEFITS**

Mr. REED. Mr. President, I also ask unanimous consent to present and have printed in the RECORD as a part of my remarks, and appropriately referred, a resolution by the Lieutenant Richard S. Ross Chapter 3, Disabled American Veterans of the World War, Topeka, Kans., signed by Carl Adolphson, commander, requesting favorable attention to H. R. 3356, H. R. 3377, and S. 1733.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

**DISABLED AMERICAN VETERANS
OF THE WORLD WAR,**

Topeka, Kans., April 27, 1944.

Hon. CLYDE REED,

United States Senate,

Washington, D. C.:

Whereas the members of the Lieutenant Richard S. Ross Chapter of the Disabled

American Veterans, located in Topeka, Kans., have noted with much apprehension that, although H. R. 3356, to provide for an increase of 15 percent in all compensation and pension payments of disabled veterans of World War No. 1 and World War No. 2, plus other benefits, and H. R. 3377, in effect to provide for an increase in the pension payments made to war veterans handicapped by permanent and total non-service-connected disabilities from \$40 to \$50 per month, were passed by the House of Representatives last November, they have since then been reposing before the Senate Committee on Finance; and

Whereas although that committee saw fit to give the right-of-way to the so-called G. I. bill of rights, to provide that the Veterans' Administration, on top of its fast-expanding responsibilities for service-disabled veterans and their dependents, should be further overloaded with the administration of proposed benefits primarily for able-bodied veterans and their dependents, but has so far failed to give consideration to the other above-mentioned bills before such committee: Now, therefore, be it

Resolved by the Lieutenant Richard S. Ross Chapter of the Disabled American Veterans, That we hereby call upon the members of the United States Senate Finance Committee, through our respective Senators, promptly to give favorable consideration to those legislative bills before such committee, designed to provide badly needed additional benefits for service-disabled veterans and their dependents, particularly as to H. R. 3356 and H. R. 3377, above-mentioned, and of S. 1733, in effect to provide that service-disabled veterans of this country shall receive the same dependency allowances as provided by Canada for its service-disabled veterans; be it further

Resolved, That a copy of this resolution be sent to each Member of the United States Senate from the State of Kansas and to newspapers of this community.

CARL ADOLPHSON,
Commander.

Mr. REED. Mr. President, I also ask unanimous consent to present and have printed in the RECORD as a part of my remarks and appropriately referred a resolution by the Lieutenant Richard S. Ross Chapter 3, Disabled American Veterans of the World War, Topeka, Kans., signed by Carl Adolphson, commander, concerning the administration of the so-called G. I. bill of rights.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS

OF THE WORLD WAR,

Topeka, Kans., April 27, 1944.

Hon. CLYDE REED,

United States Senate,

Washington, D. C.:

Whereas the members of the Richard S. Ross Chapter of the Disabled American Veterans, located at Topeka, Kans., have noted with much concern the fact that the right-of-way has been given by congressional committees to the so-called G. I. bill of rights primarily to provide certain post-war assistance to able-bodied veterans and their dependents; and

Whereas we are fearful that if the Veterans' Administration is further overloaded by being required to administer proposed benefits for able-bodied veterans its efficiency will be impaired and its services to and benefits for disabled veterans and their dependents will eventually be jeopardized; and

Whereas we are fearful that if the Veterans' Administration is given the responsibility of administering post-war adjust-

ments for able-bodied veterans, the cost thereof, in addition to the increasing costs of benefits for disabled veterans and their dependents, will sooner or later cause much misunderstanding on the part of the public, and may well jeopardize existing and proposed legislation on behalf of service-disabled veterans and their dependents: Now, therefore, be it

Resolved by the Richard S. Ross Chapter of the Disabled American Veterans, That the Members of Congress from the State of Kansas be requested to voice their opinions strongly against the proposal in the so-called G. I. bill of rights (S. 1767) whereby the Veterans' Administration would be designated as the Federal agency to extend post-war adjustments for able-bodied veterans, and to insist that other Federal agencies, with appropriate experience backgrounds, be so delegated so that any such post-war adjustments as may be awarded to able-bodied veterans by Congress will not jeopardize existing and proposed benefits for service-disabled veterans and their dependents; be it further

Resolved, That Members of Congress from Kansas be reminded that there are several legislative bills before Congress, to provide badly needed additional benefits for war service-disabled veterans and their dependents, to the end that war service-disabled veterans may be enabled to provide a decent standard of living for themselves and their dependents, and to pursue the American way of life for which they fought and sacrificed their health or a part of their bodies, and that such Congressmen be further reminded that first things should be done first; be it further

Resolved, That a copy of this resolution be sent to each Member of the House of Representatives and of the United States Senate from the State of Kansas and to the newspapers of this community.

CARL ADOLPHSON,
Commander.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TYDINGS, from the Committee on Territories and Insular Affairs:

H. R. 3403. A bill to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homelands required for use for airplane landing fields, and to amend sections 202, 203, and 207 of title 2 of the Hawaiian Homes Commission Act, 1920, and for other purposes; without amendment (Rept. No. 849).

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

S. 1173. A bill to suspend, as respects vessels of the Navy or in the naval service, certain provisions of the act approved March 3, 1925, authorizing suits against the United States in admiralty for damage caused by and salvage services rendered to public vessels of the United States, and to authorize the Secretary of the Navy to settle and pay claims for damages caused by vessels of the Navy or in the naval service, or for towage and salvage services to such vessels, and for other purposes; with amendments (Rept. No. 850):

S. 1880. A bill authorizing the acquisition and conversion or construction of certain landing craft and district craft for the United States Navy, and for other purposes; without amendment (Rept. No. 851); and

S. 1881. A bill to provide for reimbursement of certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of fire at the naval advance base depot, Port Hueneme, Calif., on January 12, 1944; without amendment (Rept. No. 852).

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills and joint resolution:

On May 1, 1944:

S. 45. An act to amend section 3 of the act of June 7, 1924 (43 Stat. 653; 16 U. S. C. 566); and

S. 1757. An act to amend an act entitled "An act to fix the salaries of officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia."

On May 3, 1944:

S. J. Res. 122. Joint resolution to limit the operation of sections 109 and 113 of the Criminal Code, and sections 361, 365, and 366 of the Revised Statutes, and certain other provisions of law.

HOURS OF DUTY OF POSTAL EMPLOYEES—CONFERENCE REPORT

Mr. McKELLAR submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2928) to amend the act entitled "An act to fix the hours of duty of postal employees, and for other purposes," approved August 14, 1935, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the Senate recede from its amendments numbered 1, 2, and 4.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

At the end of said amendment, insert a colon and the following: "Provided, That postmasters of the first-, second-, and third-classes, and post office inspectors, shall be on duty not less than forty-eight hours per week, and shall be paid for the additional eight hours, as additional pay for working such additional time, as follows:

"Those whose salaries are over \$5,000 and not over \$7,999, 5 percent of their regular peacetime salaries; those whose salaries are over \$4,000 and not over \$5,000, 10 percent of their regular peacetime salaries; those whose salaries are over \$2,000 and not over \$4,000, 15 percent of their peacetime salaries; those whose salaries are \$2,000, or under, 20 percent of their peacetime salaries: *Provided further*, That no postmaster whose peacetime compensation is \$8,000, or over, shall receive any additional compensation for such overtime work."

And the Senate agree to the same.

KENNETH McKELLAR,
JOSHUA W. BAILEY,

Managers on the part of the Senate.

T. G. BURCH,
TOM MURRAY,
GEORGE D. O'BRIEN,
FRED A. HARTLEY, Jr.,
N. M. MASON,

Managers on the part of the House.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK of Idaho:

S. 1890. A bill to provide for the general welfare by establishing a system of Federal

benefits and by enabling the several States to make more adequate provision for the control and the eradication of noxious weeds; to conserve and protect the agricultural resources of the several States and of the United States; to empower the Secretary of Agriculture to make certain rules and regulations and prescribe conditions; to raise revenue; and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. THOMAS of Oklahoma:

S. 1891. A bill for the relief of W. S. Burleson (with an accompanying paper); to the Committee on Indian Affairs.

(Mr. THOMAS of Oklahoma also introduced Senate bill 1892, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. KILGORE:

S. 1893. A bill to provide for the establishment of an Office of War Mobilization and Adjustment, and for other purposes; to the Committee on Military Affairs.

By Mr. WALSH of Massachusetts:

S. 1894. A bill to provide for the transportation to their homes of persons discharged from the Naval service because of underage at time of enlistment; to the Committee on Naval Affairs.

POST-WAR SPENDING—STABILIZATION OF THE BOND MARKET

Mr. THOMAS of Oklahoma. Mr. President, I take this opportunity to invite the attention of the Senate to conditions which should be considered and acted upon by the Congress. According to the Treasury estimate, as reported by Dun & Bradstreet, the gross national debt at the end of 1944 will be \$206,000,000,000. Should the war last through 1945, the debt will be larger. So at the end of the war there is certain to be a vast reservoir of purchasing power concentrated in the hands of the people. As soon as the war is over the people will wish to reinvest a large part of their savings. So there is certain to be a large amount of bonds offered for sale, and unless some plan is adopted to stabilize the market, there may be so many bonds offered for sale that the open-market price may fall, to the injury of the public generally.

While my State of Oklahoma is not recognized as a major financial center, yet we shall have over \$1,000,000,000 of savings to spend after the war. I ask unanimous consent to have printed in the Record at this point as a part of my remarks an Associated Press dispatch dated April 5, outlining the nature of the bonds concentrated in the banks of Oklahoma.

There being no objection, the dispatch was ordered to be printed in the Record, as follows:

OKLAHOMANS WILL HAVE BILLION TO SPEND AFTER WAR

NORMAN, April 5.—As the bureau of business research at the University of Oklahoma figures it, Oklahoma will enter the post-war period with a billion dollars available for consumption goods.

The figures are as of June 1943, and do not take into account additional millions accumulated by Oklahomans since.

The calculations were made by Dr. Charles F. Dailey, associate professor of economics and head of the bureau.

Here's the way he arrived at the huge aggregate:

Federal Reserve bank reports set the total of demand and time deposits for insured banks in Oklahoma at \$556,000,000.

Government savings bonds, series E, F, and G, amounted to about \$250,000,000 more.

Treasury reports show the per capita money in circulation at \$142, or a total of \$18,500,000, if each Oklahoman has his share.

Other Government bonds held in the State, postal savings, and time deposits not previously counted, figured with the above, make the grand total around \$1,000,000,000.

There might be a catch to it, though, Dr. Dailey said.

"There are economists who see the great national debt and high tax as counterbalancing much of this potential buying power," he stated.

Mr. THOMAS of Oklahoma. Mr. President, after the war, if great numbers of holders of Government bonds desire to sell, it is obvious that there will be a shortage of buyers; and if such a thing should happen, the price of bonds will be driven down to dangerous levels. No good purpose would be served by speculating as to what might happen in such an eventuality.

Having this situation under consideration, on March 15 last I introduced a very brief bill in the Senate proposing to authorize banks to carry such bonds at par, without respect to the current market price. While to date neither the Treasury Department, the Board of Governors of the Federal Reserve System, nor the Federal Deposit Insurance Corporation has reported on the bill, Senate bill 1769, I have received a number of letters from bank officials and others with respect to the proposal. Without exception the letters received up to this time have been favorable to the purpose of the measure.

Pursuant to the sentiments expressed and suggestions made in the communications received, I have broadened the original bill so as to include savings and loan associations. In addition to providing that the banks and certain other financial institutions may at all times be permitted to carry and report their bond holdings at par, I have added section 2 to the bill. Section 2 reads as follows:

SEC. 2. The Federal Reserve banks are authorized and directed to purchase or accept for credit any such bonds, notes, or certificates of indebtedness tendered by their member banks, at not less than the par value thereof plus any accrued interest thereon: *Provided*, That the Board of Governors of the Federal Reserve System shall make rules and regulations for carrying into effect the provisions of this section.

Typical of the letters received in support of the bill, I ask permission to have printed in the RECORD at this point as a part of my remarks a communication from Mr. H. C. Brunt, president of the Union National Bank, located at Chandler, Okla.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE UNION NATIONAL BANK,
Chandler, Okla., April 24, 1944.

HON. ELMER THOMAS,
United States Senator,
Washington, D. C.

DEAR SENATOR: Gen. Roy Hoffman has called my attention to Senate bill No. 1769, introduced by you and having reference to maintaining the book value of United States bonds in the hands of banks, trust companies, and insurance companies.

I believe your bill is very timely and at the same time a very wise provision, and should be enacted into law.

While I understand the practice of the Comptroller's department, in the matter of banks, is in keeping with the provisions of your bill and has been for some time, yet that is only a regulation, and the banks and other companies should have the assurance of being protected by law.

In my opinion, if you could get this into a provision of law, within the next 30 days, it would have a stimulating effect on the bond drive that is scheduled for June.

And in addition, why should not the Government seek, by law, regulation, and any other means, to maintain the par value of its own obligations, against the market value that may be influenced by gambling propensities?

The bond buyer can be encouraged to become a permanent investor, if he has the assurance that means are provided whereby he is protected to a par basis.

The funds of banks, trust companies, and insurance companies, are all alike in that they are trust funds, and protection to them is also protection to their customers.

Hope you have good luck with your bill.

Very truly,

H. C. BRUNT, President.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to introduce, for appropriate reference, a new bill carrying the amendment just suggested. I also ask unanimous consent to have the bill printed in the RECORD at this point as a part of my remarks.

There being no objection, the bill (S. 1892) to authorize the carrying of obligations of the United States, owned by banks, trust companies, savings and loan associations, and insurance companies, at their par value, and for other purposes, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That whenever the market value of any interest-bearing bond, note, or other evidence of indebtedness, which is a direct obligation of the United States, or which is fully guaranteed by the United States as to principal and interest, and which is owned by a banking institution, a trust company, a savings and loan association, or any other institution authorized by the laws of the United States, or of any State or Territory thereof, to receive deposits of money, or an insurance company, is less than the par value thereof, such bond, note, or other evidence of indebtedness shall be deemed, for the purposes of any requirement of Federal law or regulation, to have a value equal to the par value thereof plus any accrued interest thereon.

SEC. 2. The Federal Reserve banks are authorized and directed to purchase or accept for credit any such bonds, notes, or certificates of indebtedness tendered by their member banks at not less than the par value thereof plus any accrued interest thereon: *Provided*, That the Board of Governors of the Federal Reserve System shall make rules and regulations for carrying into effect the provisions of this section.

FEEDING OF CHILDREN IN NAZI-DOMINATED EUROPE

Mr. CAPPER. Mr. President, both branches of Congress have approved overwhelmingly resolutions to allow the shipment of food for child feeding in certain portions of Nazi-dominated Europe. These children should have been fed, and could have been fed, months ago, as some of the children of Greece have been fed from outside sources.

May I express the sincere hope that Prime Minister Winston Churchill, of Britain, will allow our State Department to carry out the express will of Congress and the American people so that all these children may receive food, even though it is too late to save the lives of many who could have been saved if we had adopted a less inhumane policy earlier in the war.

In this connection I ask unanimous consent to have printed in the RECORD at this point a letter and the accompanying statement, Save Europe's Children, I have just received from Howard E. Kershner, chairman of the Temporary Council on Food for Europe's Children, of which Herbert Hoover is a member.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

TEMPORARY COUNCIL ON FOOD FOR EUROPE'S CHILDREN,

New York, N. Y., April 29, 1944.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR CAPPER: We are most grateful to every Member of the Senate and House for the unanimous passage of Senate Resolution 100 and House Resolution 221, both of which urge child feeding in Nazi-dominated Europe. Experience has shown how it can be done without aiding the enemy and with great benefit to our friends and allies who endure every form of torture to help us in the struggle against the common foe. Strategy and humanity unite in urging immediate action.

The vision and wisdom of the Senators and Congressmen in this instance show high statesmanship and encourages one to believe that free, intelligent democratic government will not perish from the earth.

In view of the unanimous action of both Houses of Congress and the overwhelming expression of public opinion, it is difficult to believe that action to save these children will be postponed. Evidence of public approval is also very strong in England, and the governments of the exiled countries continue their urgent pleas for their children.

The approach of invasion emphasizes the importance of sending food before communication becomes increasingly difficult. When we call upon our tortured allies for a last effort against the foe, we will want them to have the solid encouragement of a little food for their children—the most effective form of propaganda.

If the mercy ships with food from South America, Africa, and, if need be, a little of what we waste, are not started promptly we trust that you and your fellow Senators and Congressmen will find some way to implement the action already taken in the passage of the resolutions.

With congratulations and best wishes, I am,

Sincerely yours,

HOWARD E. KERSHNER.

SAVE EUROPE'S CHILDREN

(By Howard E. Kershner)

By unanimous vote on February 15, 1944, the United States Senate has asked the administration to send food to Europe's starving children.

On April 17, by unanimous action, the House of Representatives made the same request.

A Nation-wide Gallup poll on February 11, shows 3 votes for feeding to 1 opposed.

Most of the leading daily papers and periodicals of the United States have urged child feeding in strongly worded editorials.

Organized labor has demanded that the children be saved.

The Federal Council of the Churches of Christ in America has long supported child-feeding proposals.

The Catholic archbishops and bishops have urged it.

The Rabbinical Assembly of America has approved it.

Societies, lodges, clubs, organizations, and churches have passed innumerable resolutions of approval.

Hundreds of thousands have signed petitions.

Half a million or more have written letters to Washington urging the administration to take immediate action to save the children.

Almost every medium by which public opinion is gauged shows that an overwhelming majority of Americans want the children in Nazi-dominated Europe to be fed.

Support for child feeding in Europe is almost as impressive in Great Britain as in the United States.

Church leaders of all denominations led by the Archbishop of Canterbury have long pled for it. Labor leaders have urged it. Quantities of editorials have appeared in leading British publications. Many stirring speeches have been made in both Houses of Parliament demanding that food be sent to the children.

The governments in exile supported by their military leaders have pled that help be sent to their children. They are as anxious to win the war and drive the enemy out of their countries as we are. They would not ask for help if they believed it would prolong the war. They think it would promote our war effort. They are a part of the United Nations group. What right have Britain and America to ignore their opinions and their desperate pleas for their children?

Experience in Greece and France has shown that the children can be saved without aiding the enemy.

The Germans do not take any food going to Greece and did not take any of the food formerly sent to France.

The Germans did not reduce the ration cards of the children helped.

By requiring each child fed to consume its full portion of local food before it is given a supplement of imported food it is certain that no equivalent was left over as a result of these operations by which the Germans could profit even indirectly.

Not a single ship available for the war effort would be used. The food would go in neutral ships.

It would not cost the American people a single dollar. Norway, Holland, Belgium, and France—the only countries which can now be reached—have funds of their own, more than sufficient, to pay for the operation.

No food needed for ourselves would be used. According to a statement by War Food Administrator, Marvin Jones, we are still wasting several times as much food as it is proposed to send to these children. Sweden has asked permission to send food to Belgium and the Belgian Congo has done likewise. There is food in South America, especially Venezuela which has important quantities of cocoa and fish for sale. Spain has olive oil. Other surpluses are available.

Every month we send through the blockade about 50 pounds of food and other relief supplies to each British and American prisoner of war and civilian internee yet we deny a Norwegian, Belgian, Dutch, or French soldier fighting with our forces permission to use his own funds to send food to his starving wife and children at home. How can we send food through the blockade to our own but deny it to those who fight valiantly against the common enemy? Prisoners of war, whom we rightly feed, work in the German war effort yet we starve the children who could not possibly assist the war effort of the enemy.

Hitler knows he has lost this war but if we allow him to destroy the surrounding peoples he hopes for a better opportunity a

generation hence. As quoted by William Philip Simms, General von Stulpnagel, Nazi commander in the Paris area, says:

"What does a temporary defeat matter if, through the destruction of people and material wealth in enemy countries we are able to secure a margin of economic and demographic superiority even greater than before?"

And Marshal von Rundstedt says:

"One of our great mistakes in the First World War was to spare the lives of civilians in enemy countries. We Germans must number at least twice the population of our neighbors. Therefore we shall be compelled to destroy at least one-third of the population of all adjacent territories. We can best achieve this through systematic malnutrition—in the end far superior to machine guns * * * starvation works more effectively especially amongst the young."

We will win the war but lose the peace if we allow the peoples who share our ideals to be destroyed.

One way to defeat Hitler is to keep him from destroying the freedom-loving peoples of Europe.

If we do not do this our boys will fight the next war alone. The armies that would help us will not have been born or will be too subnormal mentally and physically to be effective.

Hitler boasts that the Nazis are a superior race. They are becoming so—those who eat are superior to those who starve. By feeding the children of those who fight for us we would give them courage and strength to fight harder and so shorten the war.

In the face of this accumulated evidence that the judgment and conscience of mankind wants these children saved it is certainly in order to ask, "Mr. President, what are we waiting for?"

The Constitution charges the President, through the State Department and as advised by the Senate with the responsibility for foreign affairs. Child feeding is a question of high policy. The President must meet the issue—he cannot avoid it by saying it is a military question. Even if it be such, the Constitution makes him our highest military authority and chief strategist. He is the Commander in Chief. He must decide. By doing nothing he is deciding the question in the negative but he is certainly not escaping the responsibility for having made that decision. If it be a military question why are are pleas of military men of the occupied countries ignored? Be it remembered that among those who have urged child feeding are Generals Pershing, Dawes, Disque, and Theodore Roosevelt, Jr.; Admirals Pratt and Byrd; Past Commanders of the American Legion Hayes, Murphy, and MacNider. The latter was also a former Assistant Secretary of War.

Neither can the President escape the responsibility by pointing to the objections of the British Government. Turkey did not take "no" for an answer in the case of Greece and started her relief ships with food across the Aegean Sea. Now the British, American, and Canadian Governments help in feeding the Greek people.

The United States is contributing a full share to the war effort. For 3 years we have acquiesced in British Government policy. One good turn deserves another and we have the right to ask Britain to consider our views on the matter especially when our views are also those of the occupied countries themselves and of a considerable part of the British people. The stakes are so large—a whole generation of children of the democratic nations of Europe—that we have no right longer to stultify our convictions and forsake our impressive record of humanitarian action.

Strategy and humanity both require that the children be fed. Mr. President, it is your move.

AVERY'S PRIVATE WAR—ARTICLE BY MARQUIS CHILDS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an article entitled "Avery's Private War," written by Marquis Childs and published in the Washington Post of May 4, 1944, which appears in the Appendix.]

AFTERMATH OF THE WAR—ADDRESS BY CHESTER BOWLES

[Mr. TUNNELL asked and obtained leave to have printed in the RECORD an address entitled "What Happens After the War," by Chester Bowles, Price Administrator, published by the International Latex Corporation, Dover, Del., which appears in the Appendix.]

HATERS OF THE PRESIDENT—EDITORIALS FROM PHILADELPHIA RECORD

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial entitled "They Hate the President Worse Than Hitler: No. 1," published in the Philadelphia Record of April 25, 1944, and an editorial entitled "They Hate the President Worse Than Hitler: No. 2," published in the Philadelphia Record of May 2, 1944, which appear in the Appendix.]

OPERATIONS AND METHODS OF O. P. A.—LETTER FROM JUDGE C. E. ENGER

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a letter addressed to him by Clifford E. Enger, of Austin, Minn., president of the Minnesota Municipal Judges Association, relative to regulations and directives of O. P. A., which appears in the Appendix.]

FEEDING OF CHILDREN IN NAZI-DOMINATED EUROPE

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD a letter on the subject of the feeding of children in Nazi-dominated Europe, addressed by Howard E. Kershner to Senators and Members of the House of Representatives, and also a letter addressed by Mr. Kershner to the President of the United States, which appear in the Appendix.]

SETTLEMENT OF CLAIMS ARISING FROM TERMINATED WAR CONTRACTS

The Senate resumed the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE], which the Chair understands has been stated.

Mr. KILGORE. Mr. President, I appreciated the arguments offered yesterday by the able Senator from Georgia [Mr. GEORGE], the able Senator from Michigan [Mr. VANDENBERG], and other Senators on the question of enacting legislation to terminate the war contracts speedily and expeditiously as the need for such termination arises. I feel that the entire Senate, in fact the entire Congress, realizes the need for an orderly demobilization of the resources of this Nation as soon as the war reaches the stage that will permit such a demobilization; but I cannot say, Mr. President, that I agree that we must pass in such haste, without complete consideration by the Members of this body, a bill that would turn sums of money over in contract termination payments to the owners of factories and plants that have

operated to produce war materials without adequate planning as to the way in which the contracts shall be terminated and the order in which they shall be terminated.

It is a well-known fact that we do not have merely one plant making plane engines; we have great numbers of such plants, and these plants do not make complete engines, but under them are thousands of others making parts. We do not have merely one plant making planes. We have such plants scattered all over the country. The same is true of other forms of war material.

An ill-advised and ill-planned termination of contracts, without some central control to consider which plants can be terminated in the interest of the economy of the Nation and for the best interest of the people, may cause wholesale termination in one locality and no terminations in others. It may cause wholesale unemployment in one locality and a demand for labor in others. It may cause new wholesale migrations of defense workers, of which there has already been far too much. It may squeeze out the small man without taking care of his employees. It may terminate a contract with ample damages for the termination but with no assurance of reconversion of the plant to peacetime pursuits to employ any people whatsoever. Therefore, it is my present belief, as it has been my belief for some time, that if we consider merely one segment of the program of reconversion and leave out a central planning agency, leave out central direction, leave out central control, we will face just that situation, because, under the bill as framed, even the contracts are not terminated by any central authority. There is no agency in Washington that tells the Government departments and agencies how they shall allocate the terminations.

The War Department alone in its Services of Supply has seven different procurement agencies. These, in turn, are divided into districts, and each district headquarters will arrange its own terminations, just as it has its own contract service.

Up to the present time, one of the most severe criticisms we have encountered in the conduct of procurement has been ill-advised contract placements. I well remember one city in my State which is a perfect example. It is a small city and, strange to say, although West Virginia does not have 1 inch of coast line, ocean-going ships have been built in that city. The Navy suddenly decided to double, in fact, almost treble, the shipbuilding facilities of that small city, and without conference with the Navy, the Army decided to put in a munitions plant there. The city was overcrowded. Some 3,000 additional houses were built, and then, all of a sudden, both contracts were terminated simultaneously. The increased work for the shipyard was stopped, and the munitions factory was shut down. The shutting down of one of them would not have hurt the city so much, but the shutting down of two of them almost wrecked the economy of that city. The same thing can happen on a larger scale in other places. For

instance, if all the airplane contracts in Los Angeles should be terminated simultaneously, the domestic economy of Los Angeles would be very nearly wrecked. But consider what would happen if at the same time the Maritime Commission should terminate the shipyard contracts there. With no planning for conversion, this could happen.

The purpose of my amendment is to take care of this situation. The first thing this Government needs is centralized control of these terminations. It is not possible, with safety to the Nation, to terminate a contract for the building of ships merely by paying damages to the plant owner, and by storing the machinery which he does not need, and taking out the partially finished material from the plant. There is other material in the plant, human material, material which must have some way of getting to other work, or some way of living until other work can be procured. Contract termination cannot be complete until all facilities of the plant are measured, and adequate arrangements made for the disposal and the handling of those facilities, including the human beings who have been working in the plant.

For that reason, title I of my proposed amendment sets up a central over-all agency, sets up an administrator of mobilization and conversion for peace, giving to him an advisory board representing all segments of our economic structure so that he will not be without advice from the people. Even the consumer is included in that set-up.

In my amendment there is also provision for a planned program of reconversion and termination, so that the plants are not to be closed without consideration of the effect on the domestic economy. All the contracts are not to be terminated in one locality simultaneously, so that the roads leading from that locality will be filled with people with their worldly possessions in push carts as soon as the money they have saved is spent.

We know that the war is not over. In fact, it is just going into its most serious stage. But unfortunately war has changed. Material that was badly needed last week has become obsolete. Plants which made it must be converted to making other material. Therefore we must now go into the matter of planning the orderly conversion of this vast war industry we have built up into a peacetime industry.

Only recently we sought to get some more automobiles, and the plants naturally did not want to proceed with part-time production, quite logically, and declined to go into automobile production until they were permitted to go into full automobile production. The fact that we needed even part-time automobile production was plain evidence as to the need of the civilian economy for the civilian products.

Conversion, if properly planned, if properly organized, if properly worked out, can be handled in the interests of the entire Nation.

There is much talk of future unemployment. There is no need for unemployment after the war if the civilian

economy is adequately taken care of and if the conversion is planned. We must not permit individual planners to proceed, each planning in his own way, without a central plan, as we are considering now permitting a great number, probably three or four thousand, to terminate contracts by payment of liquidated damages for the termination, by removal of unfinished products, and by removal and storage of machinery, without taking care of the needs of the human part of the plant. The man who operates a machine is just as much a part of the plant as the machine he operates, just as much as the walls and the roof of the plant, because without him the plant cannot exist. If we terminate without planning for him, without a central plan for the entire program, we will have a termination which will lead us into the chaos we are seeking to avoid.

Yesterday it was urged that these contracts must be terminated in order that labor might not be without jobs, but I ask, what provision do we have that guarantees that the termination money will be used to keep the plants running on a converted status? We have nothing except the satisfaction of, let us say, liquidated damages for the breach of a contract by us, which breach is made necessary in the public welfare. There is no guarantee, when we terminate a contract under the existing bill as amended, that the plant which will go into civilian industry will produce anything.

Legislation hastily passed usually brings headaches. As was said yesterday, when an effort is made to get a bill involving some fifty billion or sixty billion dollars through a legislative body, with only a few hours, at the most, to study its probable effects, it may be expected to engender a headache.

The pending bill has been held up as guaranteeing to small business the right to continue operations, as helping them with the termination of their contracts. Yet in the bill itself there is denied to them the right to appeal unless the Government grants that right or takes the business over, and that is at the discretion of the man who terminates the contract.

So, as we now stand, we have a termination bill before the Senate whose sole purpose is to permit the speedy termination and liquidation of the assets of the prime contractors, to permit them to liquidate with their subcontractors, or the Government may assume responsibility, relieve the prime contractor of his liabilities to his subcontractors, and proceed to liquidate the claims itself.

There is not a single provision in the bill which would compel anyone to convert to production if he did not wish to, even if he felt it was not appropriate for him. There is not a single provision in the bill providing any method of allocating the termination, any method of deciding whether an airplane plant in one town shall be discontinued and in another town another plant shall continue, whether an engine factory in one town shall be discontinued, and not in another town,

We had an illustration of that in the case of a plant which formerly had been making radio tubes, a company which had two plants, one in one State and one in another. The company decided not to make any more tubes in the plant in one State. They did not decide to convert the plant, although the other plant they owned was in a highly congested No. 1 manpower area.

Instead they decided to force the movement of some 700 employees from an uncrowded area into a crowded area, rather than move a few carloads of machinery from a crowded area into an uncrowded area where they could take better care of their employees, and in fact to produce a radio tube more cheaply than it could have been produced in the crowded area. Wage rates in the crowded area were high; living costs were much higher; it was impossible to find room. It took some 2 months to convince that corporation that it was more economical to move a little machinery than it was to force a migration of 700 individuals.

With central direction and control the question of surplus property, the disposal of the surpluses in the contracted plants, the disposal of the manpower, can all be considered when the decisions are reached as to which plants shall be discontinued. Without centralized control each separate bureau will decide what plants it wants to terminate, and its officials in the field will decide that termination. If they suddenly decide that, shall we say, Chicago is not a desirable site for a plant producing for the Navy, they will terminate its contract.

At the same time the air service may decide that it will shut down an engine plant there, the ordnance department may shut down a plant which makes gun mounts, and the Quartermaster Corps may shut down some plant which is making uniforms. What will be the result? We simply will have turmoil in Chicago, with people trying to find a way to get out. The plants are shut down. The contractor in each plant has been satisfied. He has been paid his liquidated damages. His plant is in the process of being cleared; money has been paid to take care of the clearing of that plant, but due to the lack of centralized control there is chaos in the community.

Mr. President, it seems to me that with the experience of the past to guide us, we would do well, before passing legislation on the subject, to establish adequate controls, to set up a central agency. We know how hard it is to superimpose the controls after an agency is established. We know that difficulty in business, in government, and everywhere else, because we are a highly competitive nation, a nation which lives and moves and has its being by competition. We are proud of our individual accomplishments. We are proud of our companies and of our plants. With this highly competitive life that we lead, and with those in Government agencies following the same trend that the same kind of people in business follow, it is very likely that we will get a disjointed and poorly balanced process of terminating contracts without

study being made of national needs, without a carefully prepared program based upon full knowledge. It is absolutely necessary in the passage of termination-of-contract legislation, first to set up central authority to coordinate the activities of the entire demobilization, or mobilization and conversion picture, in the form of an administrator of mobilization and conversion. Second, to give to that administrator the advice and the experience of representatives of all phases of our economy in the form of an advisory committee. Third, to furnish him with a planning agency which can study these matters and advise him as to a national plan, not the plans of individual departments and agencies, but on one plan—one plan which is Nationwide in scope. Unless we establish a planning agency and create an over-all director of demobilization, when we set up termination machinery, there is the danger of confusion arising from the existence of many plans.

My amendment does not in any way amend or seek to change the terms of termination in the bill which was introduced by the Senator from Montana [Mr. MURRAY] and the Senator from Georgia [Mr. GEORGE]. It adds to it additional titles, titles which I feel are vital to the proper operation of the bill. They are not items in conflict with the bill, they are not items which detract from it, but rather they add to it.

For that reason, Mr. President, I strongly feel the Senate should seriously consider the amendment, that the Senate should look at termination not as a mere satisfaction of, shall we say, plant ownership, which is what the pending bill does, not simply to satisfy the financial needs of the plant owners, not simply to get rid of contracts which have been entered into and which the changing stages of war have made unnecessary, or which peace will totally wipe out.

Senators will remember that after the last war we had a very small problem of termination, but it waxed rather large in the public eye because of some of the ways in which it was handled by divergent groups and divergent agencies. This time the problem is much more vast. Where after the last war a small sum was involved, the proponents of the pending termination-of-contracts bill insist that at this time it will run into \$50,000,000,000 or \$60,000,000,000.

Fifty billion dollars or sixty billion dollars of the taxpayers' money properly used and properly safeguarded and properly planned for will maintain the economy of the United States, will wipe out the necessity of relief which may otherwise have to go to people who will be thrown out of jobs. It will result in a proper replacement of our population where that population belongs, and proper return of the individuals to the place where their best efforts can be used in building up and reestablishing the competitive economy of the United States, of which we have been so proud. It will assist in bringing back those who have been forced by the needs of our production to leave their homes and go into congested areas.

In brief, Mr. President, my amendment, in title I, sets forth the objectives. It gives to the Director the necessary power to meet his problems. It provides for other officers, the contract settlement or termination directors, the program planning directors, and fixes their powers. If we adopt the amendment we shall have a planned demobilization. If we fail to adopt the amendment we shall go into an unplanned contract termination, we shall go into a situation which we have no assurance will provide, in the shortest possible time, the needed civilian articles which our people are crying for, because there are no guaranties provided. We enter upon a program under which we may have vast unemployment in certain sections, and enforced migration to other sections where employment may be sought, but with no assurances that employment may be had.

Senators ask why this matter is so urgent at the present time. The Senator from Rhode Island [Mr. GREEN] yesterday very ably called the attention of the Senate to one matter which I wish to stress a little in closing. Yesterday when I asked that action on the bill be delayed until next week to afford an opportunity to study the various phases of the bill and the subject, and to study the amendments, it was urged that unless the bill were taken up and passed immediately, it would be impossible to pass it later, because of the legislative calendar. At the same time it was stated also that all the things about which I am talking would be taken up immediately after the passage of the bill. If it is impossible, because of the legislative calendar, to take any more time for the consideration of those matters, the only conclusion I can draw is that the proponents now seek only contract termination this year, with no centralized control, no planning, no program, but merely the handing out of money to prime contractors who have already made fixed fees for contracts, many of them operating Government plants.

Therefore, if we are to take the arguments adduced yesterday, and if we are to consider them as sound, the only purpose right now is this: "Let us get the money for the prime contractors, and then let us wait until next year"—if the arguments are correct—"before we take care of any planning"—but after it had become too late to plan.

We cannot plan a battle after it is fought. We cannot plan a national program after chaos has resulted from the lack of planning. The planning must be done in advance. The controls must be set up in advance. We must provide in advance for the centralized handling. Various phases of the program might produce chaos, if there were lack of planning to handle the situation in the proper way. But with proper handling, if we would just permit that to be done—and it would take only a short time to bring that about, if everyone would co-operate—we would have that system functioning for the best interests of the national economy.

To state the matter in terms of an experience which many of us have had, I

ask whether we shall retain 3,000 or 4,000 counsel to settle our contractual differences, or whether we shall compromise our losses with the prime contractors, each on his own basis, without providing for anything else. If we do so, then "termination" becomes only the payment of liquidated damages for breach of contract. But as "termination" has been held up to the people of the country and to the small businessmen—and I have heard the small businessman spoken of a great deal—it is not merely the liquidation of damages but it is the conversion of a war industry into a peace industry, as the changing steps of war permit. It is the gradual conversion of our population from a war economy to a peace economy—not in great jumps and jerks, spotted all over the country, not with a tremendous amount of suffering involved, not with the turning back into unskilled labor, with no opportunity for training, of workers who have been partially trained in industry on repetitive work, not by merely disposing of a lot of products, but by planned progression carefully worked out, by converting each plant or its workers as its products become obsolescent or unnecessary to some other phase of the war effort.

That is the purpose of the amendment. In other words, the purpose of the amendment is to make the termination a complete one, not a liquidation of damages for breach of contract.

Mr. President, at this time I should like to read into the RECORD the following release which shows the interest of the farmers in the proposed amendment. The release was issued by the National Farmers Union. The heading reads as follows:

The following telegram has been sent by the National Farmers Union, President James G. Patton, in support of the Kilgore amendment (S. 1823) to the Murray-George contract termination bill (S. 1718).

The release then lists the Senators to whom the telegram has been sent. The list includes a large part of the membership of the Senate.

The telegram is as follows:

Strongly urge you to support amendment to contract termination bill (S. 1718) incorporating amended Kilgore bill (S. 1823). We, concurring with three labor organizations, feel that enactment of contract termination alone will make much more difficult consideration and acceptance of other vital phases of conversion from wartime production for abundance to peacetime production for abundance. Three phases, contract termination, conversion including the use of Government-owned war plants, facilities, and materials, and unemployment compensation for veterans and civilian workers should be dealt with in a single bill.

Working farm families can have markets for their products at fair prices only if we as a people fully use all human and material resources to achieve full employment and full consumption. The issue is production for abundance and peace, under a publicly sanctioned program, or production for scarcity, privately arranged and publicly policed. We urge you to vote for the Kilgore amendment which will provide a beginning in production for abundance with less regimentation than would be necessary to maintain scarcity with chronic unemployment

and a heavy relief load that would sap our strength as taxpayers, producers, and consumers.

JAMES G. PATTON,
President, National Farmers Union.

Mr. President, this telegram has come from an organization which is not seeking unemployment compensation for its workers. It is endeavoring to make sure that the national economy is kept in balance, in order that the farmers may sell their products. Their product is food. Their interest is in the sale of food to the American people. They well remember the days when the farmers of the Middle West were burning grain. At that time the coal miners of my State could not mine coal because the western farmers who could not sell their grain had no money with which to buy coal. Consequently, when the miners could not mine the coal, they were unable to buy grain to eat.

The telegram comes from a farmers' organization which asks for nothing except a balanced economy in this country, and which believes that mere contract termination will not be enough. That organization knows, as was patently shown yesterday, that if the legislative program is as has been stated by the proponents of the bill, it probably will be impossible to get any of these matters handled until next year. It realizes that by that time the situation will be so badly out of balance that the farmers—and I mean by that the dirt farmers; they are the ones who really produce—will find it impossible to operate properly.

I should like to read into the RECORD an item published in Labor's Monthly Survey, of the American Federation of Labor, for May 1944:

A. F. OF L. ENDORSES PRINCIPLES OF KILGORE BILL

Provision for the interests of business is an urgent need. But we consider that human rights are more important than property rights. We believe that the future of this country and of the world depends on human beings and on their welfare. For these reasons the A. F. of L. has endorsed the general principles of the Kilgore bill, S. 1823, the only bill which provides for the needs of all groups in the economy and which makes it possible for these groups jointly to function in a coordinated effort for full production and employment. It is the only bill which implements the A. F. of L. policies as outlined in the A. F. of L. post-war plan. It is based on an understanding that neither industry nor agriculture can survive without the sustained purchasing power of workers fully employed at adequate wages; that those who are willing and able to work are entitled to jobs at adequate wages, or if unemployed through no fault of theirs, they are entitled to adequate unemployment compensation for the period of the emergency; that they are entitled to payment of transportation for themselves and their dependents to new jobs; that they should have opportunities for further education or retraining. The bill further provides for the needs of industry in the disposition of Government-owned goods and plants, policies regarding cutbacks and priorities for the allocation of materials with special emphasis on the interests of small business.

The bill creates an office of war mobilization and adjustment to coordinate all Federal activities with a view to maximum war mobilization and full production and employment now, during the reconversion and in peacetime. It provides for a director

and for a national production-employment board consisting of representatives of industry, labor, agriculture, and the consuming public. It also establishes joint industry-labor councils for particular industries and areas, which are to be set up by the director in consultation with the board. Officials of the office and other Federal officials concerned with war mobilization and post-war adjustment are to consult regularly with the board and with the industry-labor councils. If the features of this bill are incorporated in the Murray bill, S. 1718, there will be balanced protection for all.

We anticipate that with the best of plans, there will be at least 11,000,000 unemployed during the reconversion period. The length of time of their unemployment will depend on the speed of reconversion and will vary from a few weeks to many months. Many workers are in congested war areas where there will be no post-war jobs for them. They will need information as to available jobs, possibly retraining, and funds to pay their transportation costs to their new jobs.

It is a national responsibility to take care of a national emergency. Neither the State unemployment compensation laws nor the present United States Employment Service are adequate now to handle the gigantic task ahead in helping workers to find jobs or to tide them over the period of unemployment. We are, therefore, urging: (1) A national employment service; (2) Emergency unemployment compensation for 2 years and a national system thereafter. We point out that our armed forces are not professional soldiers but returning civilian workers. We urge that their demobilization be timed so they can get jobs at once.

The phase of transportation alone is of vital importance in contract termination. When a plant employing 20,000 workers is closed, the services of the workers may be badly needed elsewhere. If they could be picked up by the Employment Service and taken to a new job and put to work, that would be far better than having them remain and stagnate in the town where the original plant was located, hoping against hope and listening to rumors from day to day to the effect that the plant is to resume operations tomorrow. Without planning, that is the very thing we shall be up against.

With all these considerations in view, I believe it is incumbent upon the Senate to study carefully this amendment and the necessity for establishing over-all controls which are so necessary to handling contract terminations. I strongly urge the Senate seriously to consider the amendment to Senate bill 1718, and, if possible, let us put through the entire bill. Let us take care of the over-all plan, and not merely seek to pay liquidated damages to plant owners.

Mr. KILGORE subsequently said: Mr. President, I ask unanimous consent to have added to the remarks I made a short time ago the statement which I send to the desk, made by the Senator from Missouri [Mr. TRUMAN], on the subject about which I spoke.

There being no objection, the statement was ordered to be printed in the RECORD as follows:

The so-called Murray-George bill is now before the Senate. It provides for the settlement of claims arising from terminated war contracts and for speeding reconversion of war production to civilian production as war conditions permit. I am glad that this measure is now before the Senate, because I

believe that it is essential that the question of contract termination be thoroughly discussed and promptly acted upon. Intelligent consideration and speedy action are imperative if the job of reconversion is to be accomplished without seriously injuring our complicated economic system. Only by such an approach can we breach the gap between maximum war production and employment, and full employment and production in the post-war world.

We know that the period between the cancellation of war contracts and the full resumption of civilian activities will be a most difficult one. But we also know that the resources of this country in materials, manpower, plant facilities, and purchasing power are sufficient to create and sustain an economy of a higher and better type than that which we enjoyed before the war. However, we can only create prosperity if we are equal to the tasks that confront us.

The return to peacetime operations will require many adjustments. Many of these will have to be determined by the Congress, and the task of the Government will be to determine the standards by which business is to operate in such a way that businessmen will know where they stand. Much, too, will depend upon the courage and ability of leadership in labor. The great gains which labor has made must not be imperiled. In this connection, our outstanding labor leaders have voiced their opposition to piecemeal legislation to handle the problems of reconversion, with priority given to property legislation. These leaders have outlined their own program to protect war workers against unemployment during demobilization. Such protection is vital to the welfare of the Nation.

Many millions are engaged in manufacturing and mining operations. Any failure to provide work for even a small fraction of these will have the most serious consequences if it should continue for any appreciable period. Congress must determine that the aftermath of this war shall not be a depression in which our returning soldiers and our war workers will be without employment.

In studying and discussing the Murray-George bill, I strongly urge my colleagues to proceed at once to consider and pass comprehensive legislation dealing with our important national production and employment problems in the transition from war to peace.

BOARD OF VISITORS, UNITED STATES MERCHANT MARINE ACADEMY

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 77), to establish a Board of Visitors for the United States Merchant Marine Academy, which was to strike out all after the enacting clause and insert:

That there shall be appointed in the month immediately following the enactment of this act and in January of each year thereafter, a Board of Visitors to visit the United States Merchant Marine Academy, which shall consist of two Senators and three Members of the House of Representatives, appointed by the chairman of the committees of the Senate and the House of Representatives, respectively, having cognizance of legislation pertaining to the United States Merchant Marine Academy, the chairmen of said committees being ex officio members of the Board, and of one Senator and two Members of the House of Representatives appointed by the President of the Senate and the Speaker of the House of Representatives, respectively: *Provided*, That whenever a member or an ex officio member is unable to attend the annual meeting as provided in paragraph (b) of this section another member may be appointed in his stead in the manner as herein provided but without restriction as to month of appointment.

(b) Such Board shall visit the United States Merchant Marine Academy annually on a date to be fixed by the Chairman of the United States Maritime Commission. Each member of the Board shall be reimbursed under Government travel regulations for the actual expense incurred by him while engaged upon duties as a member of such Board.

Mr. BAILEY. Mr. President, I move that the Senate concur in the House amendment. The difference between the Senate action and the House action is very slight. The object is to establish a Board of Visitors for the United States Merchant Marine Academy, and that object would be accomplished by the House amendment. The difference relates entirely to the number to be appointed. As passed by the Senate, the joint resolution provided for the appointment of four Senators, in addition to the chairman of the Committee on Commerce of the Senate, the four Senators to be designated by the chairman of the Senate Committee on Commerce. The House amendment provides for the appointment of two Senators by the chairman of the Committee on Commerce and one by the Vice President, with a similar method of appointing Members from the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

SEIZURE OF MONTGOMERY WARD PLANT

Mr. HAWKES. Mr. President, in discussing the seizure of Montgomery Ward & Co.'s business by the Federal Government, I wish to state that I fully concur in and endorse the statements made by the junior Senator from Illinois [Mr. Brooks], in his speech before the United States Senate last Tuesday, May 2.

The Montgomery Ward seizure by the Government simply focuses the attention of the people on the great issue which, in my opinion, involves the very essence of constitutional guaranties of American liberty.

I sat on the National War Labor Board as one of the original appointees of President Roosevelt, and served for a number of months as an industry member of that Board. I can say without qualification that every industry member on that Board, then and since, has recognized that the successful prosecution of the war to victory is the one outstanding objective of all patriotic Americans.

I was opposed to enforced maintenance of union membership then, as I am now, on the ground that there is nothing in the law which gives any Government agency the right to force a man to stay in a union, continue as a member, pay dues and assessments which are oftentimes levied in arbitrary fashion, and to do all this as a condition precedent to his having the right to work and earn a living.

The honest, patriotic American working men and women are vitally and unfavorably affected by such an order as that issued in the Montgomery Ward case, which is an infringement and destruction of their constitutional rights as free Americans.

The working people of this Nation should realize that the same bayonets that are used at the direction of the

Chief Executive illegally to seize private property can now or at another time be used to seize the property of the unions, the officials of the unions, and even to herd the working people of the Nation into submission to the will of some man or Government agency, contrary to the rights guaranteed by the Constitution of the United States to all citizens of the Republic.

The President himself said, when he failed successfully to solve the coal strike situation, "You cannot mine coal with bayonets." I invite attention to the fact that a business cannot be successfully conducted with bayonets.

To my mind the whole Montgomery Ward issue has been much beclouded in discussing what maintenance of union membership means, and to becloud the issue further there has been injected the point that when the National War Labor Board issues an order for maintenance of union membership it gives a 15-day so-called escape clause, which permits any member of the union at that time to withdraw within 15 days without losing his right to work.

I ask any American who knows anything about the operations of organized labor unions, if he were in the union and the Government became more or less the partner of the union in organizing and forcing membership upon the working people, would he feel safe in going to and coming from his work if he availed himself of this 15-day escape clause?

If he does not know the answer, let him ask any honest American workman who has faced this situation, and he will explain that it would be a most uncomfortable, if not a dangerous, procedure. Let him ask the workman's family, who sit up nights waiting for him to come home. I know whereof I speak because I have received letters from wives and daughters of workmen who have tried this process of freeing themselves from membership in the union.

The real issue in this case is that the administration wished to impose its will upon Montgomery Ward, and I believe any fair-minded American who will analyze the facts will agree that this is so.

Back in November 1943, when the Montgomery Ward collective-bargaining contract was about to expire, the National War Labor Board, by the simple raising of a hand, could have arranged for an election involving only a few thousand employees at Chicago. That election could have been held, and within a very few days it could have been definitely known and determined whether the C. I. O., serving as collective-bargaining agent, was supported by a majority of the employees of Montgomery Ward & Co. in accord with the requirements under the law.

The whole case is as simple as that, regardless of the various issues thrown into it by the National War Labor Board, the Attorney General, or any other Government agency.

Mr. Avery and his associates were clearly within their rights in asking for an election to determine the correct bargaining agency under the law. If they had substantial reason to doubt that the

C. I. O. held a majority of the employees in its membership, they were clearly bound by duty under the law to determine the fact.

No employer has the right, under the law, to bargain with any minority group regarding wages, hours, and conditions of employment for all his employees.

The people of the United States are not interested in the complicated issues involved in this case, but they want to know that their Government is not becoming the partner of either labor or capital when there is a dispute between them.

The people want to know that we are not creating dictatorship at home while we are sending millions of our men abroad to destroy it.

The people realize that the principle involved in this case can easily lead to invoking the same principle against the smallest business in the United States if it suits the will of those who seek to intimidate the American people into submission.

The people want to know that our Government agencies are interested in settling disputes rather than creating quarrels which lead to disunity at a time when we need absolute unity in order to win the war.

They want to know that when the Government can settle a case, such as the Montgomery Ward case, by one simple order to hold an election, it will be done.

The people also want to know that Congress will review the powers which have been given to the Chief Executive in the interest of the successful prosecution of the war. If Congress finds that it has given power which validates such an act as took place in Chicago in the use of the Army to seize private property, rather than resort to the due process of law prescribed by the Constitution of the United States, then Congress will pass a clear, unmistakable law which will preserve constitutional guarantees in such a way as not to interfere with the successful winning of the war.

For this reason I was strongly in favor of and supported the resolution offered by the able and distinguished junior Senator from Virginia [Mr. BYRD], which calls for a full and complete investigation of the whole situation with the expectation that the Congress will correct any excess grant of powers which it may have given.

I hope the Chief Executive of this Nation and other agencies of government will recognize that the Constitution of the United States is what the American people are fighting to preserve and that it is the duty of each of us to settle, in an American and legal way, promptly and amicably, differences that may arise.

We must avoid the creation of unnecessary quarrels and disturbances. Both labor and ownership should remember that voluntary cooperation is the foundation of Americanism and that victories obtained today through the use of unfair methods may turn out to be the disastrous defeats of tomorrow.

When we speak of preserving the Constitution of the United States, we must always remember that its preservation

involves the prior preservation of the independence of the three branches of the Government. When Mr. Biddle states, "The court should not substitute its judgment for that of the Executive," he is virtually saying that we should disregard the independence of the three branches of the Government and that the court should be subservient to the will of the Chief Executive.

I assert that Attorney General Biddle's statement, which I have just quoted, is one of the most amazing statements which have come to the American people from the present administration.

Thomas Jefferson left a great admonition with the American people when he said, "Speak not to me of trusting officials. Let them be bound by the chains of the Constitution. We have no other protection."

Woodrow Wilson, who was our war President during the First World War, stated, "The history of a free people is the history of limitations on government."

It is the duty of the President of the United States to protect, preserve, and defend the Constitution of the United States, not only as to acts of the people outside the administration, but the very acts of the administration itself.

I think the American people will submit to any hardships and suffering necessary to win the war. But I think they are tired of being told that any question on their part as to what is necessary is proof of lack of patriotism. A healthy functioning and cooperative civilian economy is just as necessary as armed forces for the winning of the war. Unnecessary restrictions which disrupt a strong civilian economy are a direct injury to the war effort. The questions involved in this issue transcend all party lines and partisan politics.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks, and at the conclusion thereof, a letter written to me by Mr. Thomas Roy Jones, a former industry member of the National War Labor Board, and now president of the New Jersey State Chamber of Commerce, which is composed of large and small business throughout the State of New Jersey.

I may add that the State of New Jersey held first place in production of war materials at the beginning of the war and now ranks among the first five States of the Union in its productive contribution of vital and necessary war materials.

THE PRESIDING OFFICER. Without objection, the letter submitted by the Senator from New Jersey will be printed in the RECORD.

(The letter is as follows:)

MAY 2, 1944.

HON. ALBERT W. HAWKES,
Senate Office Building,
Washington, D. C.

DEAR AL: You and I have been industry members of the National War Labor Board and therefore are in an especially good position to realize why New Jersey businessmen are so concerned with the implications in the taking over of Montgomery Ward. We hope Congress will investigate this matter fully and that the serious issues raised will

be settled on the basis of fundamental principles.

We believe Congress should conduct a thorough inquiry into every aspect of the Ward case. Have Federal agencies exceeded the scope of their authority in the procedure followed by them? The situation in our judgment calls for a definition of the Federal Government's war powers in clear and simple terms which cannot be misunderstood.

The New Jersey State Chamber of Commerce has been deluged with letters and inquiries since the Montgomery Ward seizure. These indicate the tremendous interest in our State in this unprecedented action.

New Jersey businessmen are deeply disturbed by the argument made in Federal court on Monday by Attorney General Biddle in his efforts to justify the Montgomery Ward action. Mr. Biddle's statement that "the court should not substitute its judgment for that of the Executive" is a peremptory demand by the national administration that the courts surrender their constitutional function.

Under the procedure which the Attorney General seeks to justify, no business, group, or individual activity, war or nonwar, is beyond seizure by administration agencies. This is a dangerous philosophy and very properly is causing deep concern throughout the entire country.

Congress should take immediate steps to prevent abuse of wartime powers. Here in America, we are not willing to see constitutional processes and civil rights swept away and abrogated in dictatorial fashion.

We believe that in the seizure of the Montgomery Ward property the Federal Government has raised issues which must now be settled by Congress on the basis of fundamental principles. This is essential if the rights of business and labor and the welfare of every American citizen are to be protected.

1. Shall any one employer or employee be compelled to recognize a union as bargaining agent for all employees until it has been proven by legal election that the union which claims to represent the majority of the workers has such a majority of members in good standing?

2. Is governmentally enforced maintenance of union membership a legal and an American proceeding?

3. Is the President empowered to seize an industry, not directly engaged in war production, for the purpose of enforcing the decisions of the War Labor Board which was created to prevent industrial stoppages and slow-downs in war industries?

When the National War Labor Board orders maintenance of union membership, as it has in the Montgomery Ward and many other cases, it means that any person who is a member as of a specified date, or thereafter becomes a member of the labor organization involved, must maintain his membership in that union in order to hold his job. This includes the payment of dues and assessments and compliance with the union rules. The union, under such a War Labor Board order, can require the employer to fire from his job any employee for violation of any of the union rules. This places in the hands of union officials the power of dictatorship over the lives of free American workmen.

1. We believe in the right of labor to organize, to bargain collectively by lawfully established processes, and to strike lawfully in peacetimes.

We believe in the right of each American to choose voluntarily whether he wishes to join or not to join or remain a member of any labor organization. In like manner we believe that each American has the right to decide for himself whether he shall be or remain a member of any church, fraternal organization, society, political party, or any other lawful group. The withdrawal or the

suspension of the rights of any person to join or not to join a private organization imperils the individual's rights with respect to choice of membership in any other organization.

2. We believe that there must be equal justice for labor, management, and ownership. These three vital factors in American life must function together under voluntary cooperation, with full respect for law and order, with due regard for the rights of each group, and with particular regard for the rights of the general public.

3. We believe that it is un-American and unnecessary for the successful prosecution of the war, and a violation of the liberties of any person to force him to remain in a labor union and pay dues in order to work and earn a living.

4. We believe that labor has the same deep interest as management and ownership in avoiding unnecessary and improper seizure of property by the Government. All should remember that the same army that is used to seize business property can be used to seize union officials and the property of the union members.

5. The President of the United States has said, "You cannot mine coal with bayonets." By the same token, you cannot conduct American business with bayonets.

6. We believe that government must not become the partner of any one group—labor or business, and in all the disputes that arise, government must maintain strict impartiality in the administration of the law as established by the Congress representing the people. The administrators of government must keep themselves free from the charge of influence from pressure groups, or of political expediency.

We recommend that Congress should decide whether the President and the National War Labor Board have acted within or beyond the scope of their authority in the procedure which they have followed. The Congress should decide promptly whether such authority is required for the successful prosecution of the war. We believe the American people expect their representatives in Congress to define the war powers of the Chief Executive in simple and clear terms which cannot be misunderstood by the Chief Executive or the Government agencies. This should be done by the enactment of laws which can be clearly construed by our courts in wartime as well as peacetime, and in accordance with constitutional guarantees.

We recommend that Congress promptly review the powers it has granted for the purpose of prosecuting the war and where excessive and unnecessary power has been granted, that it should be withdrawn.

We further recommend that new legislation be enacted without delay to prevent abuses and unnecessary restrictions of the people's rights by anyone.

Sincerely yours,

THOMAS ROY JONES,
President.

SETTLEMENT OF CLAIMS ARISING FROM TERMINATED WAR CONTRACTS

The Senate resumed the consideration of the bill (S. 1718) to provide for the settlement of claims arising from terminated war contracts, and for other purposes.

THE PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE].

Mr. MURRAY. Mr. President, I have listened with close attention to the remarks made by the able Senator from West Virginia [Mr. KILGORE], and I wish to say that I am in full agreement with his statement that it is absolutely essential that the human side of the problem

of reconversion shall be considered in connection with the total problem. I wish to say also that I am in full accord with the statement setting forth a program of required legislation issued by the labor organizations of the country which was printed in the RECORD yesterday. It would be absolutely unthinkable to pass contract-termination legislation without following it with an over-all program for reconversion. It is unfortunate we did not have the over-all legislation ready at the time when the contract-termination bill was prepared. It was the original intention, indeed, it was the fixed policy of the Committee on Post-war Economic Policy and Planning of the Senate, under the chairmanship of the Senator from Georgia [Mr. GEORGE], to have all this legislation combined in one bill, but it was found impossible to have the other legislation prepared at the time the contract-termination bill was finally prepared and ready for consideration by the Senate. That legislation was urgent because of the volume of contract terminations. It was only on that account that the contract-termination feature of the program was divorced from the over-all legislation. The Committee on Post-war Economic Policy and Planning through its chairman [Mr. GEORGE] has promised that it will immediately give consideration to the other proposed legislation and will take every step necessary to have it enacted at the earliest possible moment.

My committee also has been working on the same problem, and recently I sent an identical letter to various labor groups and also to industry, asking them for their recommendations with reference to the problem of unemployment. I wish to introduce that letter into the RECORD at this point, and to call attention to the fact we are beginning now to receive letters from industry answering that communication.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
April 27, 1944.

Various industry and labor groups have requested that provision be made for dismissal wages to be paid to workmen rendered unemployed on account of termination of war contracts, and that employers be reimbursed by the Government for any such payments.

In this connection several requests have been received to include a provision to that effect in S. 1718, the contract-termination bill introduced by Senator GEORGE and myself. In answer to those requests, my staff prepared and distributed some time ago a preliminary draft of a dismissal-wage provision for insertion into S. 1718.

After careful consideration of the comments received on the staff proposal for dismissal wages, I have come to the conclusion that the medium of dismissal wages is inadequate for the purpose of providing financial aid to those who will become unemployed as a result of war-contract termination. I believe that the only satisfactory way of coping with that problem is through unemployment compensation. It is my opinion that it will be necessary for the Federal Government to assist the States in providing more adequate unemployment compensation and to strengthen the financial resources of State

unemployment funds. I have come to this conclusion for the following reasons:

1. The problem of unemployment resulting from war-contract termination is one of the Nation's many war problems. In part at least, therefore, the cost of coping with that problem ought to be considered a cost of the war and, like other war costs, be paid from the United States Treasury. Without Federal aid, however, the increased burden would have to be borne by State unemployment funds, and many employers may have to be taxed more heavily under experience-rating provisions in order to meet increased drain on the State funds.

2. To a large extent, unemployment compensation during the period of reconversion should be considered in the nature of a stand-by wage payable while many plants are being reconverted to peacetime production. Under many present State plans, unemployment compensation is inadequate in amount and duration for this purpose. Without adequate stand-by wages many employers would be compelled to continue workmen on their pay rolls at their own expense, although having no work for them, in order to maintain their labor force in readiness when reconversion is completed. Many employers—especially those operating with limited financial resources—will be financially unable to bear such an additional reconversion expense, and such employers should not be placed at a competitive disadvantage by comparison with employers who can afford this expense.

3. Adequate unemployment compensation is essential for the maintenance of the purchasing power of the masses of our people during any period of large-scale unemployment. Without maintaining mass purchasing power, civilian production may be discouraged because sufficient markets may be lacking.

In support of these views I would like to refer you to a recent speech by Mr. James F. Byrnes, Director of War Mobilization, given before the Academy of Political Science, entitled "Preparation for Peace on the Home Front." After discussing the inadequacy of dismissal wages, he stated as follows:

"The existing State unemployment insurance laws were framed to meet local conditions of temporary unemployment and are not adequate to deal with the Nation-wide problem of reemployment. Demobilization must be regarded as a national problem and its costs as part of the costs of the war."

"I think the most constructive approach to this problem is to supplement existing State unemployment benefits to the extent necessary to give workers, during the transition from war to peace, suitable unemployment benefits to be prescribed in a Federal demobilization law."

I am giving consideration to two plans:

1. The Federal Government would pay one-half of the unemployment compensation paid under State unemployment-compensation laws. This proposal would not provide for any Federal standards as to amount or duration of benefits and would leave all action with respect to liberalization of present unemployment benefits to the initiative of the States. For that reason it might not bring about the desired results. However, if the States wished to act, the money would be available.

2. Under the second plan, Federal financial aid to any State would be conditioned upon the State meeting certain Federal standards as to amount, duration, coverage, etc., of unemployment benefits. Any State which would meet the standards established by Congress could elect to receive Federal financial aid in either of the two following ways:

(a) Fifty percent Federal reimbursement for all unemployment-benefit payments made by the State; or
(b) One hundred percent Federal reimbursement for unemployment payments in

excess of those which would otherwise have been paid under State law.

I should greatly appreciate your comments on the proposed program of emergency Federal financial aid to State unemployment funds and the two preliminary plans suggested for carrying out such a program.

Sincerely,

JAMES E. MURRAY,
Chairman, War Contracts Subcommittee.

Mr. MURRAY. Mr. President, I have here a letter from Mr. J. Tyson Stokes, vice president, legal department, of the Baldwin Locomotive Works. I shall ask that his letter be printed in the RECORD, but first I wish to call attention to two sentences in the letter of Mr. Stokes. He says:

I heartily agree with your conclusion that the only satisfactory way to cope with this problem is through unemployment compensation.

This question of unemployment during reconversion is so essentially one of national economic policy that the cost of Federal aid to the States should, I think, be borne by all of the taxpayers to the same extent that all of the taxpayers bear the cost of war.

I ask that the entire letter of Mr. Stokes be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE BALDWIN LOCOMOTIVE WORKS,
Philadelphia, May 1, 1944.

Hon. JAMES E. MURRAY,
Chairman, War Contracts Subcommittee,
Senate Office Building, Washington,
D. C.

MY DEAR SENATOR MURRAY: I have read with interest your letter of April 27 in regard to S. 1718 and the question of dismissal wages to be paid to workmen who become unemployed as a result of the termination of war contracts.

I heartily agree with your conclusion that the only satisfactory way to cope with this problem is through unemployment compensation and that it would not be practical or possible to provide for dismissal wages in legislation dealing only with the termination of war contracts.

With respect to the two alternative plans referred to in your letter, I should prefer to see the adoption of plan (1) because I am one of those who feel that matters of this kind should be handled as far as possible by the several States rather than through the Federal Government. At least, I think the States should have the opportunity to cope with the problem and that the Federal assistance under plan (1) should be all that is necessary to initiate activity on the part of each State. I suppose that whether one prefers plan (1) or plan (2) depends largely on one's personal political philosophy.

As to the method of reimbursing the States, I believe that either the 50-percent reimbursement under A or the 100-percent reimbursement under B would be satisfactory. The important thing, in my opinion, so far as Federal reimbursement is concerned is to see that the burden of this charge on the Government falls on all of the taxpayers in the country rather than on particular employers whose experience rating under the State laws may involve larger contributions than other employers whose experience rating is more favorable. This question of employment during the reconversion period is so essentially one of national economic policy that the cost of Federal aid to the States should, I think,

be borne by all of the taxpayers to the same extent that all of the taxpayers bear the cost of war.

Very truly yours,
J. TYSON STOKES,
Vice President, Legal Department.

Mr. MURRAY. I wish to state further, Mr. President, that at a hearing before the Military Affairs Subcommittee today in which Members of the House of Representatives participated, General Hines testified on the human aspects of demobilization and post-war adjustment.

I asked General Hines if he could submit specified recommendations within 2 weeks. The general stated that he would do so within 2 weeks—after discussing the matter with the President and with Mr. Justice Byrnes.

From the scope of the subjects covered in the testimony I am confidently looking forward to recommendations from General Hines covering the following subjects:

First. The rate of demobilization from the armed services.

Second. The question of treating veterans and war workers on an equal basis.

Third. Unemployment compensation for workers and veterans.

Fourth. Education and retraining.

Fifth. Transportation back home.

Mr. President, I think that is all I have to say at this time.

Mr. KILGORE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Eastland	Overton
Austin	Ellender	Radcliffe
Bailey	Ferguson	Reed
Ball	George	Revercomb
Bankhead	Gerry	Reynolds
Barkley	Gillette	Robertson
Bilbo	Guffey	Russell
Brewster	Hatch	Shipstead
Bridges	Hawkes	Smith
Brooks	Johnson, Colo.	Stewart
Buck	Kilgore	Taft
Burton	Langer	Thomas, Idaho
Bushfield	Lucas	Thomas, Okla.
Byrd	McCarran	Tunnell
Capper	McFarland	Tydings
Caraway	McKellar	Vandenberg
Chavez	Maloney	Wagner
Clark, Mo.	Maybank	Walsh, Mass.
Connally	Mead	Weeks
Cordon	Millikin	Wheeler
Danaher	Murdock	White
Davis	Murray	Wilson
Downey	O'Mahoney	

Mr. BARKLEY. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from New Jersey [Mr. WALSH] are absent from the Senate because of illness.

The Senator from Utah [Mr. THOMAS] has been appointed by the President of the United States as a delegate to attend the International Labor Organization Conference in Philadelphia, and is, therefore, necessarily absent.

The Senator from Missouri [Mr. TRUMAN] and the Senator from Washington [Mr. WALLGREN] are absent on official business for the Special Committee to Investigate the National Defense Program.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Idaho [Mr. CLARK], the Senator from Rhode Island [Mr. GREEN], the Senator from Alabama [Mr. HILL], and the Senator from Arkansas [Mr. McCLELLAN] are detained on public business.

The Senator from Nevada [Mr. SCRUGHAM] is absent on official business. The Senator from Texas [Mr. O'DANIEL] is necessarily absent.

The Senator from Indiana [Mr. JACKSON] is absent attending a funeral.

Mr. WHITE. The Senator from New Hampshire [Mr. TOBEY] is absent because of illness.

The Senator from Oregon [Mr. HOLMAN], the Senator from Nebraska [Mr. BUTLER], the Senator from Oklahoma [Mr. MOORE], the Senator from North Dakota [Mr. NYE], the Senator from Nebraska [Mr. WHERRY], and the Senator from Indiana [Mr. WILLIS] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The PRESIDING OFFICER. Sixty-eight Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. KILGORE].

Mr. KILGORE. I ask for the yeas and nays.

The yeas and nays were not ordered. Mr. KILGORE. I ask for a division.

Mr. LANGER. A parliamentary inquiry. What is the question on which the Senate is voting?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia to Senate bill 1718. The Senator from West Virginia has asked for a division.

On a division, the amendment was rejected.

Mr. DAVIS subsequently said: Mr. President, I should like to have the RECORD show in regard to the amendment offered by the Senator from West Virginia [Mr. KILGORE] to Senate bill 1718, that if I had had an opportunity to vote on the amendment I would have voted for it.

Mr. LANGER subsequently said: Mr. President, I should like to have the RECORD show the same statement on my own behalf as has been made by the distinguished senior Senator from Pennsylvania.

The PRESIDING OFFICER. The committee amendment is before the Senate and open to further amendment.

Mr. REVERCOMB. Mr. President, I should like to make an inquiry which I feel can be answered by the Senator from Montana [Mr. MURRAY], with respect to an amendment which we discussed, which is proposed to be offered on page 83, in subsection (f) of section 20. That amendment to the committee amendment has not been offered, and if it is appropriate to offer it at this time I should like to do so.

Mr. MURRAY. I have no objection to the amendment.

Mr. REVERCOMB. I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In section 20, subsection (f) on page 83, line 23, it is proposed to strike out the words "If the officer or employee receives therefor no benefit or compensation of any kind, directly or indirectly, from any war contractor," and insert in lieu thereof the word "any."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. REVERCOMB] to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question is, shall the bill pass?

The bill (S. 1718) was passed.

Mr. MURRAY subsequently said: Mr. President, I am gratified by the speed with which the Senate has acted on Senate bill 1718 today. I believe that this handling of the termination of war contracts problems shows that Congress is capable of coping with the other intricate problems of our economic readjustment after the war. However, Congress will not have discharged its responsibilities by the mere passage of Senate bill 1718. The bill contains general policy statements, and makes it the responsibility of the contracting agencies and the director to carry out those policies. The two principal policies of the bill are to assure fair settlements and adequate interim financing to all war contractors, whether they be prime contractors or subcontractors, and to protect the interests of the Government in connection therewith. There is, of course, danger that those policies may not be carried out or, more specifically, that inadequate attention may be paid to subcontractors in connection with settlements and interim financing, and that extravagant and wasteful settlements may be made. Senate bill 1718 specifically provides in Section 2 that the "appropriate committees of the Senate and the House of Representatives shall study each report submitted to the Congress under this act and shall otherwise maintain continuous surveillance of the Government agencies under the act." This responsibility on the part of Congress to see to it that the policies laid down by the Congress are carried out is a serious one, and it must be discharged properly if the power of Congress in our democratic system of government is to be maintained.

EXTENSION OF LEND-LEASE ACT

Mr. CONNALLY. Mr. President, I move that the Senate proceed to the consideration of House bill 4254 to extend for 1 year the provisions of the lend-lease legislation.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4254) to extend for 1 year the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended.

Mr. BRIDGES. Mr. President, I wish to make one inquiry, if I may, of the Senator from Tennessee. Will the Senator from Texas yield for that purpose?

Mr. CONNALLY. I yield.

Mr. BRIDGES. I understood that the Senator from Tennessee, the acting chairman of the Appropriations Committee, had a group of experts working on the lend-lease matter, and that we were about to receive a report on the general operations of lend-lease. I wonder if the Senator from Tennessee intended to present the report before or during the period of consideration of the lend-lease measure.

Mr. McKELLAR. The Senator is correct with respect to the report. I will say that there is a call for a meeting at 1:45 p. m., today, of the subcommittee which considered this matter. The Senator from New Hampshire is a member of that subcommittee.

Mr. BRIDGES. Yes.

Mr. McKELLAR. There is also to be a meeting of the full Appropriations Committee at 2 o'clock this afternoon. Unless objection is made, I am going to anticipate by making a brief statement with respect to lend-lease and I shall ask that when the report comes in it may be made a part of my remarks. Is that satisfactory to the Senator from Texas and other Senators? If so, I shall make the statement now.

Mr. ELLENDER. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. It was my understanding that the bill would not come up for consideration until the report, to which the Senator from Tennessee has just referred, was made public.

Mr. McKELLAR. It will be made public after 2 o'clock today.

Mr. ELLENDER. When does the Senator from Texas desire to take up the lend-lease bill—now?

Mr. CONNALLY. I have already moved that the Senate proceed to consider the bill, so that it may be made the pending business. I ask the Chair whether action has been taken on my motion.

The PRESIDING OFFICER. The motion made by the Senator from Texas is still pending.

Mr. CONNALLY. The motion to proceed to consideration of the lend-lease measure is pending.

Mr. ELLENDER. I was hopeful that consideration of the bill would be postponed until some of us had had time to study the report which is to be sub-

mitted by the distinguished Senator from Tennessee.

Mr. McKELLAR. I have no doubt that the Senator from Texas would be willing that that be done, but I should like to submit the report at this time.

Mr. CONNALLY. Mr. President, I will say to the Senator from Louisiana that it is my purpose, if the Senate agrees to my motion to proceed to consideration of the bill, to request the Senator from Tennessee to make the report which he has in mind, and then, after a very brief statement by me as chairman of the Committee on Foreign Relations, the Senate will probably recess until tomorrow, so as to give Senators an opportunity to peruse the report which the Senator from Tennessee will present.

Mr. ELLENDER. That is satisfactory to me.

Mr. McKELLAR. I was about to say that I shall ask that the report be published in the CONGRESSIONAL RECORD and printed as a Senate document, so everyone can understand exactly what has been done under lend-lease.

Mr. ELLENDER. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. Does the Senator from Texas know whether or not the Truman committee has completed its report on the lend-lease proposal?

Mr. CONNALLY. I cannot at the moment say about that. I can ascertain whether it has been completed.

Mr. ELLENDER. I was under the impression that that report would also be forthcoming before the question of renewing lend-lease legislation would be taken up by the Senate.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHITE. I want to be sure I understand the program. I have understood from some conversation which has taken place in the Chamber that we would proceed now with the lend-lease bill, with the understanding that it would not be disposed of today, but would go over until tomorrow.

Mr. CONNALLY. That is correct.

Mr. WHITE. And that at the conclusion of the consideration of the bill tomorrow the Senate would then recess until Tuesday.

Mr. CONNALLY. That is the program as I understand it, that we proceed a short time today on the lend-lease bill, and then recess until tomorrow, and that tomorrow, when the consideration of the bill is completed, the Senate will then recess until Tuesday.

Mr. ELLENDER. Before voting on the bill?

Mr. CONNALLY. No. We will vote on the lend-lease measure probably tomorrow, but I mean in the course of things we would then recess from Friday until Tuesday.

I renew my motion that the Senate proceed to the consideration of House bill 4254.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4254) to extend for 1 year the provisions of an act to promote the defense

of the United States, approved March 11, 1941, as amended.

Mr. CONNALLY. Mr. President, if the Senator from Tennessee will wait a moment before he proceeds with his statement?

Mr. McKELLAR. Yes, indeed.

Mr. CONNALLY. The Committee on Foreign Relations of the Senate has favorably reported House bill 4254, submitted Report No. 848 to accompany the bill, and requests favorable consideration of the bill by the Senate. The bill simply provides for an extension for 1 year of the so-called lend-lease legislation, except that it carries an amendment which was not incorporated in former enactments. The House inserted this provision as an amendment to section 3 (b) of the act:

Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.

That is a safeguard which the House inserted in the bill, and to which the Senate committee agreed.

Mr. President, in view of the fact that the Senator from Tennessee, as chairman of the Committee on Appropriations, has given very thorough consideration to the operations of lend-lease in connection with appropriations for that activity, I yield the floor at this time to him in order that he may give the Senate a picture of the situation, and in order that the report may be printed in the RECORD tonight for the information of Senators in their consideration of the bill. It is not my purpose to insist upon a vote on the bill today.

Mr. DANAHER. Mr. President, there was one point in the statement made by the Senator from Texas [Mr. CONNALLY] to which I should like to invite his attention at this time. After indicating that in the language adopted by the House of Representatives there appeared a proviso, the Senator explained that its insertion is designed to insure against having the President in a final settlement commit us to certain obligations which are mentioned. It becomes clear, upon reading, that the limitation upon the President's authority to act is prospective, when one refers to the words "incur any obligations on the part of the United States"; so that in any "final settlement," as the proviso reads, the President, under the authority of this particular paragraph, would have no power to incur any obligations with respect to post-war economic policy, and so forth. I think the Senator will agree with me in my understanding that the provision is prospective in application when it is considered with reference to the word "incur." Is that not correct?

Mr. CONNALLY. The language is—

In any final settlement to assume or incur any obligations.

I assume that what is meant is that during the processes of administration of this act there will be temporary ar-

rangements for settling certain things, but that under all the master agreements there must be, in the ultimate accounting and reckoning, a final settlement. Certainly as to that the President will not be authorized to incur or assume obligations on the part of the United States.

Mr. DANAHER. I agree with the construction the Senator has placed on that language; and, so far as the word "incur" is concerned, that applies prospectively, entirely.

Mr. CONNALLY. I think so.

Mr. DANAHER. But between now and the date of any final settlement it is assumed, at least, possible that the President might wish to enter into certain obligations. Therefore, I dare say, the draftsmen used the word "assume," in the language "assume or incur," in the sense of limiting any commitment the President might make between now and the date of the final settlement. Is that correct?

Mr. CONNALLY. Mr. President, in the main I agree with the Senator; and yet I am prepared to take the position that this language applying to the final settlement would have the effect, according to my theory, of vacating any temporary or tentative agreements which might have been made prior to the final settlement, because the final settlement will constitute the definitive terms upon which the whole program will be discontinued.

Mr. DANAHER. So that even though some unauthorized operations might now be undertaken, at the time of final settlement the President would not look to this section as the basis for binding action; is that correct?

Mr. CONNALLY. That is correct.

Mr. DANAHER. I thank the Senator.

Mr. CONNALLY. I yield the floor.

Mr. McKELLAR obtained the floor.

Mr. CONNALLY. Mr. President, does the Senator from Tennessee desire to have the absence of a quorum suggested?

Mr. McKELLAR. No; I believe not. I wish to make a statement at this time, because I have a committee meeting scheduled for quarter to 2 this afternoon.

Mr. CONNALLY. Mr. President, will the Senator yield to me for a moment?

Mr. McKELLAR. I yield.

Mr. CONNALLY. I wish to say that I hope all Members of the Senate will give attention to what the Senator from Tennessee has to say about this matter; because this bill is merely an authorization, as the others have been; and, of course, the actual appropriations have to be passed on by the Appropriations Committee. The Appropriations Committee has made a very careful investigation and examination of the reports on the lend-lease operations, and Senators probably will derive a better understanding from what the Senator from Tennessee is about to say than from any other source.

Mr. McKELLAR. Mr. President, I thank the Senator. I wish to say to the Senate that about 4 months ago, as Senators will recall, the Senate Appropriations Committee borrowed five men from certain of the departments for the purpose of making expert examinations of

certain questions of great importance which came before the Congress. One of the most important of those was lend-lease. This committee was put in charge of it some time ago.

On November 26, 1943, the Subcommittee on Deficiencies submitted to the staff of the Committee on Appropriations a request for as much information about lend-lease as it was possible to obtain. The report which will be filed a little later, is in answer to the request for information made at that time.

The investigation was made upon a suggestion by the Senator from Maryland [Mr. TYPINGS], a member of the committee, in May 1943, to Mr. Stettinius. The Senator from Maryland has collaborated with the auditors in arranging this information in the best possible form so that it may be easily understood. Mr. Stettinius was then the Administrator of Lend-Lease, and since that time has been appointed Assistant Secretary of State. Mr. Leo T. Crowley has been appointed the Administrator of Lend-Lease, and is now the Administrator.

I wish to say that our staff has met with the fullest and most cordial cooperation and assistance from all departments and agencies concerned, including the interdepartmental committee, and I am very much pleased with the nature and value of the work of the expert staff of the Committee on Appropriations. We tried it out. As Senators know, the Appropriations Committee has only four clerical assistants, all told; namely, one stenographer, one clerk, and two expert clerks—Mr. Smith, the secretary of the committee, and Mr. Tolbert, the assistant secretary. An immense amount of work has devolved upon them during this war. This staff has been of great assistance to the regular clerical force of the committee. I do not suppose any clerks of any committee have been busier than have the clerks of the Appropriations Committee, and I take pleasure in saying that in my judgment this staff has done excellent work.

Exhibit 10 to the report of the committee investigators, which will be filed a little later, will show that lend-lease aid amounts to \$21,794,237,819.

Let me read that figure again.

Mr. VANDENBERG. Once is enough for me. [Laughter.]

Mr. McKELLAR. It is a very large amount of aid.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BRIDGES. Does that include transfers from the War Department, the United States Army, or the United States Navy, in the field, or does it represent straight appropriations?

Mr. McKELLAR. It represents lend-lease aid entirely. There were other expenditures, and our staff has reported the amounts of such expenditures, which I shall give to the Senate in a moment. If the Senator is in doubt about any matter, I hope he will interrupt again.

These amounts are divided as follows: The British Empire has received in lend-lease aid \$15,640,479,250, out of a total of \$21,000,000,000 plus. Russia has received

\$4,161,422,010; China, \$418,296,436; Latin America, \$158,537,916; other countries, \$582,891,622. General aid, given in various ways and amounts, aggregated \$832,610,585. This general expense includes moneys expended for production facilities in the United States, storage and distribution services, and general expenses, which together with the other amounts, aggregate a total of \$21,794,237,819.

To repeat, the British Empire received a little more than fifteen and a half billion dollars, and Russia received \$4,161,422,010. However, it must be explained to the Senate that there were other items expended in foreign countries which our committee has examined and reported upon. We have made loans through the Export-Import Bank, and there were other loans made which will be referred to hereafter. We have made loans aggregating \$854,423,225. We made a grant of an insignificant sum of \$31,985. There were investments of \$4,099,362. We have constructed facilities in various countries amounting to \$1,465,842,209. We purchased goods in other countries—and I hope Senators will keep this in mind—amounting to \$4,172,856,091.

The current expenses of all these transactions amount to \$1,638,872,746, and other aid and expenditures aggregated \$432,323,922, or a grand total in loans, investments, purchases, and in several other ways which I have just enumerated, of \$30,362,687,362.

I am reading from notes, something that I do not often do, because I wish to be very accurate about the figures, and I thank Senators for listening to the notes rather than what I might say about it.

Of this expenditure, approximately \$19,700,297,674 has gone to Great Britain and her Empire; \$4,214,921,449 has gone to Russia; \$2,327,378,789 has gone to Latin America.

It will be recalled that last winter quite a controversy arose following a visit to Central and South America by the distinguished Senator from Nebraska [Mr. BUTLER]. Upon his return it was claimed that \$6,000,000,000 or \$8,000,000,000 had been expended in South America. I then showed that there had been expended during the fiscal years 1941, 1942, and 1943 the sum of \$1,483,373,000, and that during the fiscal year 1944 approximately \$1,000,000,000 additional would be expended.

It will be seen from these figures that the exact amount expended in Latin America was \$2,327,378,789, as was demonstrated last winter.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. Does that include such things as the Army building airports in Brazil, Cuba, and so forth?

Mr. McKELLAR. It does.

Mr. TAFT. Does it include also strictly Army expenditures?

Mr. McKELLAR. Yes; Army and Navy expenditures. It includes all moneys expended by Lend-Lease and by other authorities having the power to expend. I am now talking about the

\$30,000,000,000, the over-all sum, which includes the Army, the Navy, the Foreign Economic Administration—

Mr. TAFT. Does it include loans made by the Export-Import Bank?

Mr. McKELLAR. It includes all loans made by the Export-Import Bank, and it includes all moneys expended and all purchases made. The Senator may recall that a few moments ago I particularly emphasized that we had made purchases in foreign countries amounting to more than \$4,000,000,000.

For obvious reasons, the committee has not reported the amounts going to each Central or South American country, but the committee has the figures, and any Senator may see them at any time. I think I should say that Brazil received a larger amount than did any other South American country. There were two reasons for that. At that time it was felt that the West Coast of Africa, especially the port of Dakar, would fall into the hands of the Germans, and it was feared that Germany might undertake an invasion of this hemisphere by that route, it being only about 1,800 miles from the nearest coast of Brazil. Therefore considerable sums were expended in Brazil to aid her in protecting her coasts from German invasion. As I recall the amount, it was about \$100,000,000. A considerable sum was also expended for the production of rubber, and for this reason I am giving the total amount expended in Brazil. The total amount expended in Brazil up to date is \$427,742,152, of which \$1,536,227 was lend-lease expenditure.

Let me say to the Senator from Ohio that the Army and Navy expended a very considerable sum in Brazil, looking to a possible invasion of this hemisphere because of the expected German occupation of west Africa. That was not carried through, and nothing happened. Those expenditures, of course, have ceased.

Mr. TAFT. Can the Senator tell us whether the figures as to Brazil include commitments for future advances for such projects as the development of steel plants? I have understood that there were such commitments. I presume these figures represent only actual expenditures.

Mr. McKELLAR. These are only actual expenditures. As I have already stated, considerable funds have also been expended in experiments looking to the production of rubber. Senators will recall that our supply of rubber from the East Indies, where we obtained most of our rubber, was cut off, and an attempt was made to promote the production of rubber.

It will also be recalled that Argentina has never joined the Allies, and that no lend-lease assistance whatever was given to her, as the record will show.

In a moment I shall give a summary of the investigators' report. I refer to page 29. The summary covers from March 11, 1941, to March 31, 1944, and Government expenditures abroad for the fiscal years 1941, 1942, and 1943, and for that portion of the fiscal year 1944 for which different agencies had figures available ranging from 4 to 8 months. The report shows a total figure of ap-

proximately \$30,000,000,000, distributed as follows:

Lend-lease aid.....	\$21,794,237,819
Loans.....	854,423,225
Grants.....	31,985
Investments.....	4,099,362
Construction of facilities.....	1,465,842,209
Purchases.....	4,172,856,091
Current expenses.....	1,638,872,748
Other aid.....	432,323,923

Total..... 30,362,687,362

Distributions were made geographically as follows:

British Empire.....	\$19,700,297,674
Russia.....	4,214,921,449
Latin America.....	2,327,378,789
China.....	920,349,451
Other countries.....	3,199,739,999

Or a total of \$30,362,687,362.

Mr. President, I have the committee recommendations which I wish to have inserted in the RECORD as a part of my remarks, but I will not read them. I ask unanimous consent that they may be inserted in the RECORD.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BRIDGES. What does the Senator mean by committee recommendations? The committee has not met as yet.

Mr. McKELLAR. No; I know that. My statement is predicated on the action which will be taken by the committee.

Mr. BRIDGES. I think that before we agree to the unanimous-consent request of the Senator from Tennessee, the committee should meet and pass upon these matters.

Mr. McKELLAR. Mr. President, I withdraw the request for the present, until after the committee has met and acted.

I doubt whether the war could be successfully conducted in any other way than through the lend-lease program. From the facts presented to our committee I believe that the program has been faithfully, honestly, and efficiently carried out. I believe the program should be continued, and I hope the bill will be passed.

At this time I ask that all members of the Appropriations Committee retire and meet, and pass upon the report.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the preliminary report of the committee investigators to the Senate Committee on Appropriations on lend-lease aid and Government expenditures abroad, and I also ask unanimous consent that it be printed as a Senate document.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The report was ordered to be printed as a Senate document (S. Doc. No. 190), and to be printed in the RECORD, as follows:

PRELIMINARY REPORT ON LEND-LEASE AID
MAY 1, 1944.

The CHAIRMAN,
Subcommittee on Deficiencies,
Committee on Appropriations,
United States Senate.

DEAR MR. CHAIRMAN: Under date of November 22, 1943, the Subcommittee on Deficiencies directed that the following data be secured:

"1. By countries, all lend-lease aid given by the United States.

"2. By countries, all lend-lease aid furnished the United States.

"3. We will want to know in reasonable detail what the aid contained in propositions 1 and 2 consists of.

"4. We want to know the extent of purchases and for which made, by countries, of the Bureau of Economic Warfare.

"5. We want to know the expenditures and purposes for which made, by the Coordinator of Inter-American Affairs.

"6. We want to know the expenditures and the purposes by countries made by the R. F. C. and all branches thereof.

"7. We want to know what the purchases or loans were by foreign countries made by the Export and Import Bank.

"8. We want to know the expenditures made by the Army and by the Navy in foreign countries and the purposes for which expended.

"9. We want to know the expenditures by foreign countries made to our Army or Navy other than by lend-lease in reverse for use of our Army and Navy.

"10. Finally, we want a master set of books showing by countries what each has received under any agency of our Government and we want to know by countries what we have received from any agency of any other government. Finally, again we want a super-balance sheet which shows these totals by countries in dealings direct and indirect of our expenditures and theirs in any and all foreign fields."

It will be seen from the very nature thereof that the assignment is a continuing one, the ultimate aim of which is to develop a record of lend-lease aid and expenditures abroad that will be of material benefit to the committee on Appropriations and to the Congress at the time hostilities have ceased and settlements between the nations are undertaken. It is felt advisable, however, at this time to submit a preliminary report to the committee setting forth the progress that has been made, the difficulties that have been encountered, and the steps that are being taken ultimately to furnish the information desired.

GENERAL

After a study of the Lend-Lease Act and the various appropriations made thereunder, a letter was addressed to the various departments and agencies of the Government involved calling for the submission of reports setting forth the following information:

1. Lend-lease aid—to be shown under the various heads of the Lend-Lease Act, namely: Ordnance and ordnance stores; aircraft and aeronautical material; tanks and other vehicles; vessels and other watercraft; miscellaneous military equipment; facilities and equipment; agricultural, industrial, and other commodities; testing, reconditioning, etc., of defense articles; services and expenses; administrative expenses.

2. Loans.

3. Grants.

4. Investments.

5. Construction of facilities.

6. Purchases.

7. Current expenses of United States Government agencies.

8. Any other aid furnished to or expenditures made in or for the benefit of a foreign country, but not included in any of the above categories.

9. The amounts of aid, expenditures, contributions, etc., made by other countries for the benefit of the United States or for the joint benefit of the United States and the foreign country, in the prosecution of the war, this report to cover the same period and be set up in the same manner and detail as

the one showing the aid, etc., furnished by the United States.

Shortly after sending out this letter, in contacting the Foreign Economic Administration and other agencies it was learned that there was in existence an Interdepartmental Committee to Study Recording and Reporting of Lend-Lease Transactions and Government Expenditures Abroad. This interdepartmental committee was the outgrowth of the suggestion by Senator TYDINGS, made during the hearings before the Senate Committee on Appropriations in May 1943 to Mr. Stettinius, then Administrator of Lend-Lease, of the necessity and advisability for having some central agency through which all aid and expenditures abroad could be coordinated and from which records periodic statements for the benefit of the Congress could be prepared. At the suggestion of Mr. Stettinius the study was undertaken by the Bureau of the Budget, with representatives from the State Department, Treasury Department, War Department, Navy Department, and Foreign Economic Administration comprising the committee. The function of the interdepartmental committee was to appraise the methods of accounting and reporting, and to make recommendations for desirable improvements therein; it was not called upon to produce dollar figures or even estimates of foreign transactions.

When the representatives of the Appropriations Committee learned of the existence of the interdepartmental committee, it was realized that there would be duplication of effort to the extent of the study of the methods of accounting and reporting. Accordingly, to avoid this duplication of effort, and at the same time to take advantage of the work accomplished and time spent by the interdepartmental committee—comprised of men thoroughly familiar with all phases of aid being rendered and expenditures made—contact was made with the chairman of the committee. It was learned that the interdepartmental committee had completed its work and was in the process of writing its report and, in a fine spirit of cooperation, your representatives were invited to sit in on several of its meetings. As a result of the discussions at these meetings, and others with the chairman of the committee, the report of the interdepartmental committee was submitted to the Appropriations Committee by letter of the Director of the Bureau of the Budget to Senator McKELLAR, acting chairman of the Senate Appropriations Committee, dated March 11, 1944.

The principal recommendations of the interdepartmental committee were:

1. That early action be taken in designating an agency as a clearinghouse for all records and reports concerning international transactions.

2. That each agency involved in international transactions designate a liaison office for contact with the clearinghouse.

The more important of the specific recommendations made by the committee are set forth on pages 15, 16, and 17 of its report.

ESTABLISHMENT OF CLEARINGHOUSE

In line with the recommendation of the interdepartmental committee, the President, in a letter addressed to the Honorable Leo T. Crowley, Administrator, Foreign Economic Administration, under date of April 7, 1944, directed him to establish such a clearinghouse in the Foreign Economic Administration, under a director to be appointed by him. The functions of the clearinghouse include:

"1. To develop, in cooperation with the other agencies concerned, such forms and procedures as will assure the necessary information on our transactions relative to foreign areas.

"2. Where more than one agency is involved, to collaborate with the agencies of whom information is requested in furnishing such information within, of course, the limits of security requirements.

"Information to be covered by this arrangement should include, particularly, transactions on account of international aid, relief in liberated areas, procurement abroad, loans and financial aid, and all other Government outlays and expenditures abroad and receipts from abroad, and also inventory information concerning military and nonmilitary installations, improvements, and stock piles abroad."

The President further stated that it would seem advisable to establish an advisory interdepartmental committee to assist the director, which committee might, among others, include representatives of the Department of State, Department of the Treasury, War Department, Department of the Navy, Department of Commerce, the Bureau of the Budget, and the Office of the Coordinator of Inter-American Affairs. (A copy of the President's letter is attached hereto, marked "Exhibit I.")

Furthering the spirit of cooperation which has been exhibited by officials of the Foreign Economic Administration, Mr. Crowley, under date of April 15, 1944, addressed a letter to Senator McKELLAR, advising him of the action of the President and requested that a representative of the investigative staff of the Senate Appropriations Committee be named to serve on the advisory committee. (A copy of this letter is marked "Exhibit II.")

With the findings of the interdepartmental committee thus made available to the Appropriations Committee, the staff centered its efforts on securing reports showing the value of aid rendered and the amount of expenditures abroad. The original reports called for were to be submitted as of October 31, 1943, with monthly reports thereafter. For several of the agencies, particularly the War and Navy Departments, the reports to October 31, 1943, have been the only ones received. This, of course, is due to the delay in information reaching them from all parts of the world. For other agencies reports have been received up to and including February 29, 1944.

For the purpose of this report, comments will be made on each of the items set forth in the memorandum of the Subcommittee on Deficiencies, with tabulated statements attached to show the details. In this connection the attention of the committee is respectfully invited to the requests of the War and Navy Departments that, for reasons of military security, the figures furnished herein be kept secret. It is also the desire of the Foreign Economic Administration that the break-down of lend-lease aid by countries be kept confidential; and the Coordinator of Inter-American Affairs likewise requests that the country-by-country break-down of the expenditures of his office be kept confidential.

APPROPRIATIONS

Lend-lease appropriations made to the President total \$24,683,629,000. Of this amount a total of \$22,576,626,477.54 has been allocated to various departments and agencies of the Government, leaving an unallocated balance as of February 29, 1944, of \$2,107,002,522.46. Of the amount allocated, the sum of \$18,748,927,285.53 has been obligated by the departments and agencies to which allocated, leaving an unobligated balance of \$3,827,699,192.01. The available funds (unallocated and unobligated) as of February 29, 1944, therefore amounted to \$5,934,701,714.47. (A statement showing the status of the lend-lease appropriations is attached, marked "Exhibit III.")

In addition to the lend-lease appropriations made to the President, transfers from

appropriations made to the War and Navy Departments and to the Maritime Commission have been authorized to the extent of \$35,970,000,000. In reports of lend-lease aid furnished, however, no distinction is made as to the appropriations under which the items were procured or transferred.

In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission, without any numerical limitation as to the dollar value or the number of such ships which may be so leased.

DIRECT LEND-LEASE

Lend-lease aid to January 31, 1944, amounted to \$21,794,737,819. Of this total, \$20,961,627,234 represented actual transfers to lend-lease countries, including items totaling \$549,487,264 consigned to United States commanding generals for subsequent transfer in the field. The remainder of \$832,610,585 covered charges not allocated to the lend-lease countries, as follows:

Production facilities in the United States	\$604,993,000
Storage and distribution services and facilities in the United States	94,584,566
Transportation charges, supplies, and materials for vessels, ferrying of aircraft expenses, miscellaneous and contingent expenses	99,813,019
Administrative expenses	33,220,000
Total	832,610,585

The figure of \$20,961,627,234, representing actual transfers to lend-lease countries, is distributed as follows:

Ordnance and ordnance stores	\$2,546,442,101
Aircraft and aeronautical material	3,854,473,980
Tanks and other vehicles	3,047,854,819
Vessels and other watercraft	3,346,058,940
Miscellaneous military equipment	834,920,143
Facilities and equipment	540,144,111
Agricultural, industrial, and other commodities	5,410,118,412
Testing, reconditioning, etc., defense articles	511,035,784
Services and expenses	321,091,680
Consigned to commanding generals for subsequent transfer	549,487,264
Total	20,961,627,234

From a geographical standpoint, the distribution is:

British Empire	\$15,640,479,250
Russia	4,161,422,010
China	418,296,436
South American republics	136,944,906
Mexico and Central American republics	17,440,208
Caribbean area	4,152,802
Other countries	582,891,622
Total	20,961,627,234

(A table showing a further distribution of these figures is attached as exhibit IV.)

In this connection it is felt advisable to bring to the attention of the committee comments made by the Foreign Economic Administration, the War Department, and the Navy Department, as follows:

"FOREIGN ECONOMIC ADMINISTRATION

"An important limitation exists in the figures for the United Kingdom in that they are not broken down to show retransfers to the dominions and colonies. In the early days of the lend-lease program it was agreed that all requests for goods or services for the British

Empire would be made on United Kingdom requisitions. This was done to insure that all possible materials would be furnished from within the Empire before lend-lease aid was requested, to permit the greatest flexibility in the distribution of all materials from within the Empire in accordance with the shifting strategy of modern war, and for other military reasons. Consequently, our records were set up on this basis and it is not possible at this time to determine from the total goods transferred the value of retransfers by the United Kingdom to the dominions and colonies. We have, however, the basic records from which this information can be obtained.

"The need for this information has been recognized, however, and we are proceeding with the work of breaking down the transfer data as rapidly as possible. It is a sizable job and several months will be required to complete it. As a stopgap, to serve until the distribution of United Kingdom transfers have been completed, we have furnished a break-down of lend-lease exports to the constituent parts of the British Commonwealth. There is a close relationship between goods exported and goods transferred and it is believed that the exports data will provide a satisfactory indication of the destination of goods transferred until such time as the compilation of retransfers has been completed.

"WAR DEPARTMENT

"(a) Some duplication exists between the amounts reported monthly to the Foreign Economic Administration by the War Department for lend-lease aid and the expenditures reported in paragraph 7 of this submission for the reason that supplies purchased in foreign countries may be transferred to the foreign government as lend-lease aid. The amount of this duplication cannot be determined.

"(b) Aid furnished by overseas theaters is valued by the theater and the accuracy of such values cannot be verified in the War Department as the condition of the items transferred is not known. Reports are not complete on this aid furnished.

"(c) Diversions to United States Army use of lend-lease war material by theater commanders have not been eliminated from transfers reported to the Foreign Economic Administration. Reports received from theaters were incomplete and not priced. Those data have been returned to the field for completion and evaluation.

"NAVY DEPARTMENT

"The following comments on reports of transfers are pertinent. Transfers are not reported until the transaction is complete, and all documents, including a receipt signed by an agent of the foreign government, has been received in the Navy Department.

"Services rendered are reported as a transfer when it is possible to identify them with

a foreign requisition. Where it is not possible to identify a service with a specific foreign requisition, as for example, freight charges on miscellaneous lend-lease material, the expenditure is handled in one of two ways, i. e.,

"(a) If made from an allocation of funds to the Navy from lend-lease appropriations to the President, it is reported to F. E. A. as a lend-lease expenditure under category 9 of the allocation without reference to nation; or

"(b) If made from a naval appropriation it is reported as an expenditure from that appropriation for the purpose of the appropriation without reference to lend-lease, and no report is made to F. E. A.

"No attempt has been made to assign production facilities to specific foreign nations, they are all considered as United States facilities, and in most cases are used by the United States as well as for the nation whose requisition may have prompted their initiation. The cost-of-production facilities, when financed from allocations from lend-lease appropriations to the President, is reported to F. E. A. as an expenditure against category 6 of the allocation, without reference to foreign nation. No report is made to F. E. A. when such facilities are financed from regular naval appropriations. With the exceptions dealt with herein in section No. 4, all such facilities, however financed, are in the United States.

"No attempt has been made to evaluate information imparted under the terms of the Lend-Lease Act and no report has been made to F. E. A.

"In addition to the exceptions in reports to F. E. A. noted in the foregoing, there are other minor exceptions. For example, in determining inspection, handling administrative and like costs which are incurred in dealing with lend-lease activities it is usually not possible effectively to segregate and prorate the lend-lease portion from the regular Navy portion. Such costs have therefore been absorbed by the naval appropriations.

"The valuations of transfers reported to F. E. A. and of expenditures of allocations of lend-lease funds from appropriations made to the President have been based on costs as determined by contract or purchase price or by actual expenditures from the allocations made. It is clear that in view of the exceptions cited above, this is not the true cost. Given time and effort a close approximation to the true cost might be made."

REVERSE LEND-LEASE

The problem of reporting and valuing reverse lend-lease aid constitutes one of the most difficult and complex problems with which the United States Government is faced in its program of mutual aid with foreign governments.

As of March 15, 1944, reciprocal aid was reported as follows:

Country	Source of information	End date of report	Amount
United Kingdom:			
In United Kingdom	United Kingdom Government	Dec. 31, 1943	\$1,366,170,000
In areas outside British Isles	do	do	160,000,000
Australia	Australian Government	do	362,365,000
New Zealand	New Zealand Government	do	91,888,000
India	U. S. Army and W. S. A.	do	116,251,000
South Africa	Union Government	June 30, 1943	145,000
Belgian Congo	Army	Nov. 30, 1943	284,000
French North and West Africa	Army, Navy, W. S. A. (estimated)	Jan. 1, 1944	30,600,000
New Caledonia	New Caledonian Government	Mar. 14, 1943	315,000
French Equatorial Africa	Army	Aug. 31, 1943	50,000
Netherlands in Surinam	do	Oct. 31, 1943	85,000
Russia	Russian Government	Sept. 30, 1943	1,000,000
Total			2,229,151,000

¹ Does not include raw materials other than benzol.

It must be borne in mind that the above figures represent estimates, and are not final.

The reporting of reciprocal aid has been difficult. Originally, the Army and Navy required its overseas commanders to report the aid received in detail, as well as the value thereof, determined either on the basis of values furnished by foreign governments or, alternatively, estimates by United States military or naval personnel. As the volume of reciprocal aid increased, this reporting requirement became a very heavy burden. In the case of the United Kingdom, particularly, the British Government stated that it could not individually price "issue vouchers" covering goods provided to our forces, inasmuch as its accounting system was not established on such a basis that individual prices could readily be determined, and the manpower which would be required to determine such individual prices could not be spared from more important tasks contributing directly to the prosecution of the war.

Faced with the lack of any indication of costs from the British Government in the great majority of items being obtained, our forces concluded that a separate pricing or estimating of value by them would call for a large staff of price analysts whose services could not be spared from the war effort. Moreover, it was felt that even a large force of price analysts would face grave difficulties in arriving at fair estimates of value, due to the dissimilarity of foreign and United States items, the great variety of items involved, etc.

Accordingly, in October 1942, the instructions to our forces overseas with respect to the reporting and valuation of reciprocal aid were revised to permit the recording of aid in terms of a description of items received, in order to permit subsequent evaluation in Washington when that became necessary. Any values furnished by foreign governments, however, were to continue to be reported to Washington. Many reports of this nature have been received and are on file in the Foreign Economic Administration, but up to the present time no action has been taken to evaluate them, as it is felt that any evaluation at the present time would be purely arbitrary and subject to receipt of further information from foreign governments which may not be available until after the war.

As public interest in reverse lend-lease increased during subsequent months, and because of the desire of the Congress and interested Government agencies to obtain, if possible, some monetary measurement of the volume and scope of reciprocal aid, it became apparent that some attempt would have to be made to arrive at a reasonable compromise. Therefore, in June and August 1943, the Army and Navy issued instructions to their overseas commanders requiring that reciprocal aid be reported in the following manner:

1. Values would be requested from responsible foreign government representatives, the values so received representing unilateral estimates by the foreign government to which the United States Government does not necessarily agree;

2. Any values received from foreign government representatives would not be disputed, but would be reviewed by United States military and naval personnel; and if they were not in agreement with the valuations furnished by foreign governments, they were to submit their own estimate of value for the information of the United States Government; and

3. In the absence of any values furnished by foreign governments, United States military and naval personnel were to arrive at their own estimate of value based upon local cost, market value, or any other reasonable basis.

Simultaneously, negotiations were entered into with the British Government with a view to inducing it to alter its policy on the reporting of reverse lend-lease aid which it has supplied. As a result of these nego-

tiations, the British issued on November 11, 1943, a white paper indicating an estimate (stated to be incomplete) of their out-of-pocket expenditures up to June 30, 1943, in furnishing reciprocal aid to the United States forces. The British Government agreed further that it would thereafter provide quarterly statements of its expenditures for reciprocal aid rendered to United States forces in the United Kingdom. These statements were to reflect approximately 50 major categories and more than 300 subcategories of goods and services. This statement was not to be based in each case on individual prices, which it was stated were not available, but was to be prepared from the figures currently available under the British accounting system and was to represent the best estimates possible by the British Government of the reciprocal aid extended by them to United States forces.

It has been agreed that the reports described will be accepted as unilateral estimates of the British Government, and that the American Government will not be deemed either to agree to them or to be committed by them. While it has been agreed that itemized pricing of individual items may represent an unwarranted expenditure of manpower at this time, the United States Government has reserved the right to request that the British Government supply itemized prices at a later date when the required expenditure of manpower would not interfere with the war effort.

Except for shipping services, the British Government's statements apply only to supplies furnished and services rendered within the United Kingdom. In addition, the United Kingdom is extending aid to American forces from its colonies in various parts of the world. Full and complete records of the value of the aid transferred in these areas may never be available, particularly for transfers which have occurred during combat. Insofar as the records are available, reports containing monetary expenditures are now being prepared by the British Government. In the meantime, reports are being made by United States forces in those areas.

The Governments of Australia and New Zealand are also periodically making available statements of the cost to them of providing reverse land-lease assistance. The problems of reporting encountered in these areas are not so great as in the United Kingdom. For example, in New Zealand all United States supply functions have been centralized in a Joint Purchasing Board on which the Army, Navy, and Marine Corps are represented. When goods or services are obtained, the armed forces certify their receipt and pass the vouchers back to the appropriate New Zealand Government department for payment, and such records then provide a statement of expenditures made. In the case of works projects constructed for us by the New Zealand Government, however, there are the difficulties encountered in assessing post-war values and in allocating expenditures for works jointly constructed by American and foreign forces.

In all other areas records of reverse lend-lease received are obtained from the armed forces. Until July 1943, these reports usually were confined to physical descriptions in quantities of goods and services received, to provide a basis for subsequent valuation if such should be necessary. Since July 1943, however, our forces have been endeavoring to obtain estimates of expenditures for all aid received. While these estimates will be of considerable assistance in the future determination of lend-lease benefits, they do not represent a statement by the foreign government of its costs, and provide only a unilateral estimate by United States military or naval personnel operating under difficult conditions.

The need for uniformity in the reporting and valuation of reciprocal aid has been recognized by the armed forces. Because of the complexities of the problem, particularly in combat areas, it has not yet been possible to arrive at a system which is entirely uniform or acceptable. Efforts are constantly being made, however, to improve both the system used and the reports submitted.

A comment by the Navy Department on reciprocal aid would be of interest to the committee:

"The Navy Department reports to the F. E. A. (formerly the Lend-Lease Administration) monthly all reverse lend-lease or reciprocal aid which has been reported. Reports of such reciprocal aid to the Navy Department are admittedly deficient for various reasons. Vigorous steps have been and are being taken to correct this deficiency and these steps are showing results. Some of the reasons why such reports have not been adequate are as follows: Much of the reciprocal aid has been received on the active fighting fronts where the commanding officers have neither the time nor the facilities to maintain the necessary records and to render the corresponding reports. Reciprocal aid has never been distinctly defined and conceptions of what constitutes reciprocal aid and what constitutes joint military operations vary considerably. Some reciprocal aid is difficult if not impossible to evaluate in terms of dollars. The United Kingdom has been very reluctant to place a price on any reciprocal aid, although the aid has been offered freely. In cases where no value or cost is assigned by the foreign government, but quantities and the nature of services have been reported, it is impossible for the Navy Department to assign any significant valuation. Not only do questions of exchange arise, but it is impossible for our officers to estimate the real cost to the foreign government. Furthermore, even if the approximate cost to the foreign government were known, the question arises as to whether that is the real value, or whether it should be the corresponding value of a similar article or service in this country or if supplied from this country. Because of these difficulties the instructions have been changed several times.

"At present the instructions require our officers to demand a price figure from the foreign government and to submit that figure, together with his own comment, if any. If no price can be obtained from the foreign government, our officers are instructed to submit their own best estimate, together with information as to upon what the estimate was based and the rate of exchange used. Obviously none of these methods of evaluation is entirely satisfactory, but the method by which the foreign government states the cost to it of the aid rendered appears to be the most desirable and is comparable to our own method of evaluating direct lend-lease. Reports on this basis are now being regularly received from Australia and New Zealand and the British Admiralty is being urged to adopt a similar policy."

There is much to be done to develop adequate information on reverse lend-lease. The final story, however, will not be possible until after the cessation of hostilities.

BOARD OF ECONOMIC WARFARE

The Economic Defense Board was established by Executive Order 8839 under date of July 30, 1941, for the purpose of developing and coordinating policies, plans, and programs designed to protect and strengthen the international economic relations of the United States in the interest of national defense. The name was changed to the Board of Economic Warfare by Executive Order 8982, dated December 17, 1941. Executive Order 9361 of July 15, 1943, established within the Office for Emergency Management an Office of Economic Warfare, and the Director as-

sumed the functions, powers, and duties of the Board of Economic Warfare, which was terminated by the same order. By Executive Order 9360 of September 25, 1943, the Office of Economic Warfare was consolidated into the Foreign Economic Administration, established by the same order.

The Board of Economic Warfare as such made no purchases. However, upon directives from the War Production Board for the procurement of strategic materials it conducted preliminary negotiations and issued directives to subsidiary corporations of the Reconstruction Finance Corporation to execute contracts that would provide the necessary materials and supplies.

As a result of Executive Orders 9361 and 9365, all foreign procurement contracts then in existence were transferred to the Foreign Economic Administration and are being processed through the United States Commercial Company. Likewise, all new foreign procurement contracts are being negotiated in the name of that company.

The purchases are made through the subsidiary corporations of the Reconstruction Finance Corporation, and are incorporated in the figures reported for those organizations.

COORDINATOR OF INTER-AMERICAN AFFAIRS

The Office of the Coordinator of Inter-American Affairs was set up by order of the Council of National Defense on August 16, 1940, and by Executive Order 8840 of July 30, 1941, was established within the Office for Emergency Management, for the purpose, among others, of furthering the national defense and strengthening the bonds between the nations of the Western Hemisphere. Expenditures are made from direct appropriations and transfers or allocations from the Office for Emergency Management and the Emergency Fund for the President. No lend-lease funds are involved.

Expenditures made in Latin-American countries to December 31, 1943, amounted to \$24,038,243, as follows (see statement attached as exhibit V):

Loans.....	\$363,818
Grants.....	31,985
Health and sanitation.....	9,535,605
Food supply.....	2,407,797
Coordination committees.....	3,739,986
Transportation.....	1,500,536
Newsprint shipping subsidy.....	428,383
Emergency operations.....	1,379,162
Technical and other assistance (including administrative expenses).....	4,650,971
Total.....	24,038,243

A brief statement on each of the larger items follows:

Loans: There have been only two loan agreements, both of which involve financing of the purchase of equipment. The amounts of the agreements total \$649,187 and \$360,803, respectively. Advances have totaled \$102,522 and \$261,296, respectively. Repayments totaling \$18,959.02 have been made under the first agreement.

Health and sanitation: The objectives of these programs are (a) to improve health conditions in strategic areas particularly with relation to the requirements of our armed forces and those of our other American allies; (b) to make possible increased production of strategic materials in areas where bad health conditions exist; (c) to raise the general standard of public health practices; and (d) to demonstrate, by carrying out an action program beneficial to all classes of people, that this Government is vitally interested in the welfare of the peoples of the other American republics, thereby helping to obtain an effective realization of this Government's program of hemisphere solidarity. The programs include malaria control, environmental sanitation, improvement of

water supply, construction of sewage systems, construction and equipping of hospitals and health centers, control of plague, leprosy, and communicable diseases, medical care of migrants and workers engaged in the production of strategic materials, and the training of doctors, sanitary engineers, hospital administrators, nurses, and other national personnel.

Food supply: The objectives are (a) to stimulate the production of foodstuffs in areas where the demand for food has been increased because of large concentrations of troops and war vessels; (b) to provide sufficient quantities of foodstuffs for workers engaged in the procurement of strategic materials; and (c) to produce foodstuffs in areas which could no longer be supplied by shipments from other areas because of the absence of sufficient shipping. These programs involve technical assistance for the increase and improvement of production of foodstuffs and fiber products; procurement and distribution of supplies and equipment, such as hand tools, insecticides and fungicides, seed and plants; improvement of storage and processing facilities; development of irrigation; and training in practical agricultural methods.

Coordination committees: The expenditures under this head represent funds made available to committees located in the other American republics which have been organized by United States citizens of long residence in those countries. They work in close relationship with the Office of the Coordinator and the United States embassies and consulates in carrying out an information program the purpose of which is to spread a wider knowledge of this country in the other Americas. They arrange for the distribution of visual and press materials, for local radio programs, for the distribution of nontheatrical motion-picture films, and for small projects in the educational field.

Transportation: The expenditures reported under this category relate to the obligations assumed under notes exchanged on November 18, 1942, between the Government of the United States and the Government of Mexico, whereby it was agreed that both nations would collaborate in the rehabilitation of certain key lines of the Mexican National Railways. United States Government agencies had purchased in Mexico large quantities of strategic materials needed for direct war use. Conditions had so affected off-shore shipping that the Mexican National Railways were called upon to transport all of these vitally needed materials, as well as supplies and equipment shipped from the United States to war installations south of Mexico. The resulting traffic burden greatly exceeded peacetime traffic loads and many changes and improvements were essential to continued operation of the railways. Each government agreed to furnish a proportionate part of the material and equipment required, the Mexican Government and the Mexican National Railways agreed to direct their operating facilities toward the fullest realization of the rehabilitation program, while the United States Government further agreed to furnish necessary technical assistance (trained mechanical, track, and transportation technicians).

The United States Railway Mission in Mexico was created to implement this agreement. Although both governments agreed to contribute material and equipment, the major contribution by the United States has been in technical assistance. Continued contribution by the Mission will consist largely of technical advice and supervision of various educational programs designed to impart knowledge and understanding of modern practices in railroad operation and maintenance to the Mexican officials and employees.

Newsprint shipping subsidy: These expenditures apply to payments made to carriers for

the difference between the established rate for newsprint and the rate at which the carriers would agree to ship newsprint to the other American republics. The ocean freight rate was reduced in 1940 to \$9.84 per ton by the United States Government. With the outbreak of war and the consequent scarcity of shipping space, the available space was naturally utilized for commodities carrying higher rates. While the requirement for Central and South America is only about 2 percent of United States consumption, the situation, due to the lack of shipping, was relatively much more serious. It was to the interest of this country to help keep friendly newspapers in business. The most satisfactory method seemed to be the payment of a shipping subsidy to bring newsprint up on a level with other commodities. This method was chosen, rather than an increase in the shipping rate, because of the economic condition of the newspapers, which had already been severely hit by the drop in advertising revenue due to the war.

Emergency operations: Expenditures under this category relate to the following:

1. Payments under a contract with the Ecuadorian Development Corporation for the rehabilitation of the province of El Oro which was devastated during the Peruvian-Ecuadorian boundary dispute. The program was developed under the direction of the Department of State and the Office of the Coordinator with the approval of the Bureau of the Budget, and covers such work as construction, repair and extension of dispensaries and hospitals, renovation, and reclamation projects to facilitate shipping operations, and agricultural programs.

2. A program to alleviate a serious unemployment situation in Honduras created by the cessation of banana exports due to the lack of shipping during the latter part of 1942. The program, arranged by the Department of State and the Office of the Coordinator, in cooperation with the Honduran Government, upon the urgent request of the United States Embassy in Honduras, covered the repair and reconstruction of sections of the highway between Potrerillos and the Lake Yojea area. The objectives were to provide immediately useful employment for temporarily unemployed laborers, to contribute to the improvement of existing means of inter-ocean transportation, and to materially benefit agricultural and other activities in the interior of the country.

Technical and other assistance (including administrative expenses): These expenditures apply in general to personnel of the Office of the Coordinator and its corporations stationed outside of the United States who render technical assistance, advice, and aid as required under the cooperative agreements or notes between this Government and the local governments for health and sanitation, food supply, emergency operations, and transportation programs, regardless of whether or not such programs are carried out directly or through cooperative services established within the framework of the local governments.

In addition to the expenditures made in Latin America, additional expenditures have been made in the United States for similar purposes; a brief break-down thereof being as follows:

Grants:	
Trade and commercial.....	\$963,017
Educational, scientific, and cultural.....	929,225
United States activities.....	532,575
Research.....	145,455
Health and sanitation.....	6,840
Food supply.....	30,100
General miscellaneous.....	35,830
Total.....	2,643,042

Current expenses:	
Administrative expenses.....	\$7,290,474
Confidential.....	400,000
Trade and commercial.....	610,000
Motion pictures.....	3,595,000
Press.....	2,875,000
Radio.....	4,341,000
Educational, scientific, and cultural.....	301,000
United States activities.....	380,000
Research.....	155,000
Health and sanitation.....	110,000
General.....	75,000
Total.....	20,132,474
Transportation.....	300,000
Newsprint shipping subsidy.....	926,267
Grand total.....	24,001,783

RECONSTRUCTION FINANCE CORPORATION (AND SUBSIDIARY OR AFFILIATED ORGANIZATIONS)

The report of the Reconstruction Finance Corporation covers the activities of the Corporation itself and those of the following corporations: Metals Reserve Company, Defense Supplies Corporation, Defense Plant Corporation, Rubber Reserve Corporation, Rubber Development Corporation, United States Commercial Company.

For the last two corporations listed the reports were submitted by the Reconstruction Finance Corporation in its capacity as fiscal agent.

Total expenditures made by the listed corporations for the fiscal years 1941, 1942, 1943, and for 8 months of the fiscal year 1944, totaled \$2,795,324,542.13, as follows:

Loans ¹	\$406,518,105.59
Investments.....	4,099,362.35
Construction of facilities.....	44,662,669.71
Purchases.....	2,174,019,517.93
Current expenses.....	3,810,543.06
Other aid or expenditures ²	162,214,343.49
Total.....	2,795,324,542.13

¹ Repayments on loans have been made in the amount of \$61,895,437.61, leaving the outstanding loan balance as \$344,622,667.98.

² Represents principally advance payments on contracts and will ultimately be transferred to one or more of the other categories listed above.

From a geographical standpoint, the expenditures were made as follows:

British Empire.....	\$1,054,355,021.38
Latin America.....	1,236,921,865.88
French.....	30,003,736.42
Netherlands.....	158,315,238.50
Portugal.....	21,593,521.45
Other countries.....	294,135,158.50
Total.....	2,795,324,542.13

(A chart showing a break-down of the above expenditures is attached as "Exhibit VI.")

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was created in 1934 for the purpose of aiding in the financing and facilitating of exports and imports and the exchange of commodities between the United States and other countries. It is authorized to have \$700,000,000 of loans outstanding at any one time. The Congress increased the limit from \$200,000,000 to the present \$700,000,000 in September of 1940 to enable the bank to make loans to assist in the development of the resources, the stabilization of the economies and the orderly marketing of the products of the countries of the Western Hemisphere. Although its operations in behalf of our foreign trade have been world-wide, circumstances have restricted them since the war almost entirely to the Western Hemisphere and particularly to the making of such loans as will develop resources vital to the war effort.

A summary of the operations of the bank since its creation on February 12, 1934, through March 31, 1944, is as follows:

Commitments.....	\$1,185,763,080.10
Commitments canceled or expired.....	330,879,004.09
Net commitments.....	854,884,076.01
Commitments not yet disbursed.....	407,253,763.80
Amount disbursed.....	447,630,312.21
Amount repaid.....	233,755,432.58
Amount of loans outstanding.....	213,874,879.63
On a geographical basis the outstanding loans are as follows:	
Latin America.....	\$105,433,890.26
North America.....	12,350,000.00
Africa.....	65,000.00
Asia.....	56,877,839.24
Europe.....	27,363,445.95
Other countries.....	11,784,704.18
Total.....	213,874,879.63

There is attached hereto, as exhibit VII, a statement showing the loans and commitments by countries, the details of which by individual loans are on file in the Appropriations Committee.

There is, of course, the possibility that some loans may not be collected in full. The history of the bank's operations, however, indicate that uncollectible items will be in an

almost negligible amount as compared with its operations, and that it will consistently show a profit. The bank has experienced only three defaults since the beginning of its operations in 1934, as follows:

One related to a balance of \$3,491.96 due from a Polish textile firm which had purchased raw cotton from a United States exporter. Against this account a reserve has been set up.

A second, which was in the amount of \$46,530.46, resulted from the impossibility of converting Spanish pesetas into dollars during and immediately following the civil war in Spain. That account was subsequently liquidated in full, both principal and interest.

The third account, in the amount of \$178,725.24, is overdue from a United States import firm now arranging a composition of creditors, but it is believed that collateral held by the bank is sufficient to effect eventually full repayment or, at least, a substantial liquidation.

Operations of the bank to March 31, 1944, have resulted in a profit of \$32,572,628.19 after the payment of all administrative expenses and the establishment of a reserve for contingencies. Out of such profit the bank has paid dividends on its preferred stock to June 30, 1943, in a total amount of \$13,075,178.04, leaving a net undivided profit in the bank of \$19,497,450.15.

WAR DEPARTMENT

Expenditures abroad as reported by the War Department as of October 31, 1943, total \$3,094,350,294, as follows:

Location	Construction of facilities	Purchases	Current expenses	Total
British Empire.....	\$593,783,267	\$695,618,989	\$609,013,694	\$1,898,415,950
Latin America.....	141,542,706	29,529,641	16,698,502	187,770,849
Netherlands.....	12,517,000	5,338,000	16,556,681	34,411,681
French.....	3,458,664			3,458,664
Other countries.....	143,804,831	1,605,339	824,883,180	1,700,293,350
Total.....	895,106,868	732,091,969	1,467,151,457	3,094,350,294

These figures represent the best available information and must be considered to be on the conservative side, as no attempt has been made by the War Department for the purpose of this first report to secure information from overseas theaters. The Department is frank in stating that, due to its far-flung activities and the need to eliminate reporting from overseas theater commanders as much as possible, there are gaps in the information on the records. Steps are constantly being taken, however, to improve the records and reports, and it is expected that as future reports are submitted additional information will be available. (A more detailed break-down of the above expenditures appears in the chart attached hereto, marked "Exhibit VIII.")

In addition to the expenditures reported above, there follows a statement of supplies distributed to civilians in liberated areas by the Allied Military Government. This statement is based on information available in this country and no break-down by recipient countries is available at this time. The statement is made as of December 22, 1943. The dollar values represent costs to the War Department delivered at a War Department depot, and do not include transportation to the port, loading costs, ocean shipping, and other handling charges. The report does not include aid furnished by theater commanders from United States Army stocks, as data on such aid are not available in the continental United States. No determination has been made of the extent to which the recipient countries will reimburse the United States for supplies of this type furnished to them.

Expenditures made for supplies and A. M. G. distribution to civilians in liberated areas, Dec. 22, 1943¹

Item	Value of items contracted for	Values of deliveries made against contracts plus value of items taken from Army stocks to fill requisitions
Food.....	\$11,944,722	\$14,913,425
Hard fuels (coal) ²	1,045,312	1,045,312
Medical supplies.....	11,251,636	7,304,334
Miscellaneous.....	679,140	519,656
Petroleum products.....	(5)	(5)
Sanitary supplies.....	6,572,085	2,007,766
Total.....	31,793,165	26,190,693

¹ Dollar value shown reflects only those expenditures made for the specific purpose of civilian supplies. It is known, however, that certain materials have been transferred from Army stocks in the theater and used for civilian purposes. Although the theater commander has been instructed to report transfers of this nature, specific information is not available at this time.

² This coal was procured to supply Italy, Sardinia, and Sicily. However, the United Kingdom has been supplying the coal, and the coal procured in this country (except for about 20,000 tons withdrawn to meet an emergency caused by the strike and not yet replaced) has been held in reserve for emergencies. It should be noted further that the coal now being supplied to Italy, Sicily, and Sardinia is used to supply both military and civilian needs. It is almost impossible to distinguish between these needs.

³ Petroleum for civilian use is issued from military stocks in the theater, and no information is available at this time as to how much petroleum has been used for civilian purposes. However, originally, \$11,454,309 worth of petroleum products were estimated as a requirement for Italy, Sardinia, Sicily, and north Africa to last for a period of 12 months.

NAVY DEPARTMENT

Expenditures abroad as reported by the Navy Department as of October 31, 1943, total \$535,570,999, as follows:

Location	Construction of facilities	Current expenses	Total
British Empire.....	\$253,209,600	\$84,615,120	\$337,924,720
Latin America.....	20,486,874	42,274,626	62,761,500
Netherlands.....	2,425,200	135,560	2,560,760
French.....	13,368,450	1,156,144	14,524,594
Other countries.....	2,518,640	8,361,109	10,879,749
Southwest Pacific.....	136,885,000	34,576	136,919,576
Total.....	428,993,864	136,577,135	565,570,999

(A more detailed break-down of these expenditures appears in the chart attached hereto, marked "Exhibit IX.")

These figures are very conservative, as will be seen from the following comments of the Navy Department:

"CONSTRUCTION OF FACILITIES"

"(a) While some of the items of construction may be regarded as more or less permanent, that is so only where it was essential in order to fulfill its war purpose. The policy of making all facilities of the most temporary nature possible has been rigidly followed.

"(b) The attached list describes locations in only general terms and is not specific as to actual installations. This is primarily for reasons of military security, but also because of the shifting nature of the picture. For example, much of the base material shipped to Australia never arrived, due to loss en route or diversion. On the other hand, much of it was never intended to stay in Australia, but was sent there only en route elsewhere. No rigid conclusions should therefore be drawn concerning expenditures shown against any individual nation, as they may not be at all significant.

"(c) These figures are only approximate, as in many cases the actual expenditures are not definitely known. Not included and not obtainable are the amounts expended in theaters of war for local labor or local purchases of material unless expended by a disbursing officer stationed on shore (i. e., not in a ship or Marine Corps organization unit). The value of labor and subsistence of the naval construction battalions is also not included.

"PURCHASES AND CURRENT EXPENSES"

"(a) It is impossible to include expenditures by disbursing officers on board ship by country without examining every voucher. The vouchers run into the millions. The accounts are kept by ship; not by where the ship may have been. The same is true of the Coast Guard. It is also true of the Marine Corps, whose accounts are kept by organization, without reference to where the organization may be. The net effect of omitting these figures, while problematical, is probably small. Ships and organizations do spend some of their pay abroad; they do buy some supplies abroad; they do hire some civilians abroad. However, a large part of the military pay is sent home or spent on board or in canteens, etc., and most of the supplies are shipped out from the United States or furnished locally under reciprocal aid.

"(b) Navy disbursing officers are required to report quarterly and are allowed 20 days after the close of the quarter to prepare and mail their returns. Under these conditions, with disbursing officers all over the world, and with communications hampered by a global war, the record is never reasonably complete under 6 months and may be not wholly complete after 1 year. For that reason, in the following table, all figures for the fiscal year 1944 are estimates only, and those for the fiscal year 1943 may be amended. Scattered reports, for different quarters, are arriving

constantly at the Navy Department, and a monthly compilation would show some change in the figures each month. It is clear, however, that substantial changes will be indicated only quarterly or less frequently."

SUMMARY

There is submitted as exhibit X a consolidated summary of lend-lease aid from March 11, 1941, through March 31, 1944, and Government expenditures abroad for the fiscal years 1941, 1942, 1943, and for that portion of the fiscal year 1944 for which the different agencies had figures available, ranging from 4 to 8 months. It shows a total figure of \$30,362,687,362, distributed as follows:

Lend-lease aid.....	\$21,794,237,819
Loans.....	854,423,225
Grants.....	31,985
Investments.....	4,099,362
Construction of facilities.....	1,465,842,209
Purchases.....	4,172,856,691
Current expenses.....	1,638,872,748
Other aid.....	432,323,923

Total..... 30,362,687,362

Geographically, the distribution is:

British Empire.....	\$19,700,297,674
Russia.....	4,214,921,449
Latin America.....	2,327,378,789
China.....	920,349,451
Other countries and general.....	3,199,739,999

Total..... 30,362,687,362

RECOMMENDATIONS

The statement, particularly as regards expenditures abroad, is not complete, and the amounts are no doubt understated, but it is the best that could be prepared from available information. It demonstrates the need for a central agency to coordinate all efforts to secure definite and reliable information of this nature for the Congress, and shows that to secure such information will require considerable time and labor.

The President has answered the question of the central agency by directing, in accordance with the recommendation of the interdepartmental committee, that a clearinghouse be established in the Foreign Economic Administration. Not only is this action endorsed, but it is strongly recommended that it begin to function without delay, so that at the earliest possible date complete and detailed reports may be made to the Appropriations Committee and to the Senate on a quarterly basis.

It is further recommended that the Appropriations Committee agree to the request of the Administrator of the Foreign Economic Administration that a representative of the investigative staff of the Appropriations Committee serve on the advisory interdepartmental committee which will assist the director of the clearinghouse. In this way, not only will the desires of the Appropriations Committee be kept currently before the advisory committee and the director of the clearinghouse, but also the committee will be kept currently informed as to the progress being made by the clearinghouse.

Finally, the reports submitted fully justify the findings of the interdepartmental committee, and their recommendations are specifically endorsed and passed on for the earnest consideration of the advisory interdepartmental committee to assist the director of the clearinghouse. These recommendations are:

"LEND-LEASE AND REVERSE LEND-LEASE"

"1. That the agencies devise means of reducing to a minimum the time lag which now exists between the actual transfer of goods and services and the recording and reporting of such transactions.

"2. That in the future all transfers be recorded not only to the account of the government which originally received for the materials or services; but, also, so far as possible to the account of the government which is the ultimate recipient; and that the lend-lease governments be requested to render a cumulative statement of all retransfers made to date with provision for periodic statements in the future.

"3. That the Foreign Economic Administration, with the advice and approval of the agencies concerned, develop greater uniformity in the statistical reporting of all lend-lease transactions, involving

"(a) a standardized classification system for use in the operating agencies to account for all commodities and all types of transactions; and

"(b) a revision in the procedures for reporting statistics to bring about a uniform presentation of all data in terms of dollars as well as units.

"4. That, in recording lend-lease transactions, procuring agencies should take the following steps under general principles approved by the Foreign Economic Administration:

"(a) The establishment wherever possible of standard prices for articles to be transferred; and

"(b) for items of a nature not susceptible of standard pricing, establishment of a standard formula to arrive at prices which will include all elements of cost.

"5. That no attempt be made at this time to reprice past transactions, as the effort involved would not justify the results to be obtained.

"6. That the present system of reporting losses be extended to include items under United States accountability, intended for transfer on arrival overseas, which are lost at sea; and that efforts be made to improve reports of losses incurred in transit within the United States.

"7. That the present inventory reports submitted by procuring agencies to the Foreign Economic Administration be put on a uniform basis; that the inventory records be extended, either by the procuring agencies or War Shipping Administration, to give complete reports of inventory in transit, in terms of dollars as well as weights; and that uniform inventories of lend-lease goods held by United States agencies overseas be required on a periodic basis.

"8. That so far as possible uniform reporting principles be developed by United States agencies in the major areas in which reverse lend-lease is received, in order that reports when submitted may be more comparable and consistent, and uniformity of reporting forms and classification and valuation principles may be achieved.

"9. That the Foreign Economic Administration, with advice and approval of the agencies concerned, devise a standardized formula for use by the operating agencies in assessing and recording repossession charges; and that repossession accounts be revised to include all expenses incurred by the United States in cases where the foreign government is responsible for cancellation of contract.

"10. That the present system of recording, reporting, and billing reimbursable lend-lease transactions be revised by the Foreign Economic Administration to provide for a uniform method of recording and reporting and uniform principles for billing foreign governments; and that for billing purposes, procuring agencies whose records are now unsatisfactory be required to submit revised cumulative statements of reimbursable lend-lease transactions.

"11. That provision be made to obtain from foreign governments current records showing location and use of certain durable goods received from the United States, and that on cessation of hostilities an inventory record

be rendered of all consumable and semiconsumable items on hand received from the United States. (See also recommendation 17.)

"12. That no attempt be made to evaluate defense information transmitted to or by foreign governments, but that a strict accounting be maintained of information involving patent rights.

"MILITARY BASES AND MILITARY INSTALLATIONS ABROAD

"13. Although the present records do not give complete data concerning expenditures made for the construction or equipment of bases, the committee recommended—

"That no major changes pertaining to financial recording and reporting of installations abroad be required of the War and Navy Departments during the war because a revision that would yield the information desired would require too great an additional accounting burden for military personnel, both in the field and in Washington.

"14. That the War and Navy Departments establish statistical and appraisal inventories of installations abroad similar to those already initiated by the Foreign Projects Unit of the Army Air Forces.

"INVESTMENT IN PRODUCTIVE FACILITIES RELATED TO THE PROCUREMENT OF FOOD AND MATERIALS ABROAD

"15. That where master accounts are maintained in Washington with the supporting detail in field offices, regular periodic accountings and reconciliations from the field be required.

"INVESTMENT IN OTHER INSTALLATIONS OR PRODUCTIVE FACILITIES ABROAD

"16. That there be established a list of items to be regarded as durable goods.

"17. That an inventory of certain durable goods transferred to foreign countries be compiled from the records now available in all agencies. (For transfer of items under lend-lease arrangements, see recommendation 11.)

"PROCUREMENT OF FOOD AND MATERIALS ABROAD

"18. That the procuring agencies be required to install and maintain records which will make readily available commodity purchase data in commodity units and dollar value by time period, by commodity, and by country of commodity origin.

"LOANS AND FINANCIAL AID TO FOREIGN GOVERNMENTS AND PRIVATE ENTITIES IN FOREIGN COUNTRIES

"The committee found the present records on loans to foreign governments and private entities, and the statements of financial aid rendered to foreign governments, to be adequate and no changes were recommended.

"It was the consensus of the committee that economic information concerning governmental cash expenditures abroad was of sufficient current and future importance to require the preparation of separate periodic reports. The committee therefore recommended:

"19. That arrangements be made to have each department, establishment, or agency of the Federal Government, including Government corporations, which makes cash expenditures abroad prepare quarterly reports of all such expenditures for submittal to a central agency.

"20. That the proposed reports segregate expenditures under predetermined classifications for each country by character and purpose, and by a limited object classification." Respectfully submitted.

JOHN F. FEENEY,
HAROLD E. MERRICK,
THOMAS J. SCOTT,
EARL W. COOPER,
Investigative Staff.

Mr. CONNALLY. Mr. President, I wish to thank the Senator from Ten-

nessee for his discussion of this matter. It seems to me that in view of his statement, which will be published in the Record tonight, and in view of the fact that we shall have a session of the Senate tomorrow, it is desirable now to recess until tomorrow in order that Senators may have ample opportunity in the meantime to study the report. I do not apprehend any long involved debate on the question.

Mr. WHITE. Mr. President, before the Senator from Texas moves a recess, was it the Senator's intention to move that the Senate proceed to the consideration of executive business?

Mr. CONNALLY. If there is an executive calendar, I think it should be disposed of.

AUSTIN L. TIERNEY

The PRESIDING OFFICER (Mr. McFarland in the chair) laid before the Senate a message from the House of Representatives returning to the Senate in compliance with its request, the bill (S. 176) for the relief of Austin L. Tierney, together with the accompanying papers; and also the amendment of the House of Representatives to Senate bill 176, which was, to strike out all after the enacting clause and insert:

That Private Law No. 99, Seventy-fourth Congress, be, and the same is, amended to read as follows:

"That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Austin L. Tierney, who served as a fireman third class, United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as a fireman third class, on April 25, 1918: *Provided*, That no compensation, pension, or other benefits except mileage at the time of discharge, 4 months' active service pay lost after absence from duty, and adjusted compensation benefits shall be held to accrue to Austin L. Tierney by reason of this act for any period prior to its passage."

Mr. WALSH of Massachusetts. Mr. President, this bill was returned from the other House upon request by the Senate after the Senate had appointed conferees to meet with conferees to be appointed by the House to consider the amendment which the House had adopted to the bill.

I have heretofore given notice that I would move a reconsideration of the former action of the Senate. I now move that the Senate reconsider the vote by which it disagreed to the House amendment and asked a conference with the House thereon.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Massachusetts [Mr. WALSH].

The motion was agreed to.

Mr. WALSH of Massachusetts. I now move that the Senate concur in the House amendment.

The motion was agreed to.

EXECUTIVE SESSION

Mr. CONNALLY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. McFarland in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations in the Coast Guard, which was referred to the Committee on Commerce.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. CONNALLY. I ask that the nominations of postmasters be confirmed en bloc, and that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc; and, without objection, the President will be notified forthwith. That completes the calendar.

RECESS

Mr. CONNALLY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 2 o'clock p. m.) the Senate took a recess until tomorrow, Friday, May 5, 1944, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 4 (legislative day of April 12), 1944:

IN THE COAST GUARD

The following-named cadets to be ensigns in the Coast Guard, to rank from the 7th day of June 1944:

Homer George Anderson
Richard Paul Arlander
John Moore Austin
Richard Lawrence Bailey, Jr.
Frank Barnett, Jr.
Carl Blanchett
Robert Coward Boardman
William Henry Boswell
Peter Seelye Branson
Alfred William Brass
William Henry Brinkmeyer
Bernard Stanley Brown
James Wood Carroll
Parker Olin Chapman
Garth Dalmayne Clizbe
Clyde Clavius Coffindaffer
Henry Paine Crawford, Jr.
Donald Brian Crews
Charles Mitchell Daniel
Harold Leroy Davison
John MacNeil Dempsey, Jr.
John Augustine Devlin, Jr.
Harley Earl Dilcher
Sumner Raymond Dolber
Robert John Donovan
John Michael Dorsey
James Harold Durfee
Clarence Raymond Easter
Albert Bradbury Ellerman
Joseph Knowles Everton
John Joseph Fehrenbacher
Arthur Andre Fontaine
Louis Randolph Ford, Jr.
John Brawley Freeman

William Elliott Fuller, Jr.
 Carroll Hitchcock George
 Harold Kirksey Goodbread
 Richard William Goode
 Herbert Richard Harris
 James Leonard Harrison
 Gordon Fairland Hempton
 Robert Fisher Henderson
 Frederick William Hermes, Jr.
 James Arthur Hodgman
 Julian Elliott Johansen
 Robert Durrell Johnson
 Harry New Jones II.
 Kenneth Howard Langenbeck
 John Burtan Lape, Jr.
 Elmer Maurice Lipsey
 Richard Suppes Lodge
 Paul Alan Lutz
 Worley Berry Lynn
 James Thomas Maher
 William Lothridge Martin
 Andrew Mazzotta
 John David McCann
 Albert Joseph McCullough
 Milton Lee McGregor
 Edward Duncan Middleton, Jr.
 Joseph Anthony Montagna
 James Edward Murphy
 William Emmet Murphy
 Earl Asa Parker, Jr.
 Raymond Grant Parks, Jr.
 Paul Reed Peak, Jr.
 Paul Powers Perez
 Lilbourn Amos Pharris, Jr.
 Robert Carlton Phillips
 Vance King Randle, Jr.
 Theodore Charles Rapalus
 David Harold Rasmussen
 Ricardo Allen Ratti
 Don Richard Rodgers
 Donald Henry Rollert
 Paul Thomas Ryan
 Marion Gardiner Shrode, Jr.
 Harrison Ballard Smith.
 Neilus Andrew Spears, Jr.
 Raymond Benner Starbuck
 Jeremiah Milton Stark
 Richard Stoner Strickler
 George Francis Thometz, Jr.
 Wesley Matthew Thorsson
 John Bollyard Wade
 George Warren Wagner
 William Hamilton Wallace
 George Alfred Warren
 David Anderson Webb
 William Leroy Weiss, Jr.
 George Herbert Weller
 George Earnest Williams
 Ellsworth Albin Winnette
 Andrew Wakefield Wofford
 Virgil Nourse Woolfolk, Jr.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 4 (legislative day of April 12), 1944:

POSTMASTERS' TENNESSEE

Ethel R. Corum, Jonesboro.
 Raymond C. Townsend, Parsons.
 Charles H. Carr, Pocahontas.
 Violet T. Duncan, Tyner.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 4, 1944

The House met at 12 o'clock noon.
 The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, as our land is but-tressed by the holy dead and the noble living, forbid that we should think in terms of fear or failure. Continue to

strengthen our faith in that day when the towers and bulwarks of freedom shall flare their banners over the ruins of a vanishing night. We pray that America may get right with God if she is to deserve and abide in the deathless joys of peace and good will.

Let our people understand that the saddest heart is that which serves its country without the recompense of gratitude. Scarred with many a battle, weired with many a hardship, lamed with many a march, deliver us from leaden messages which are empty of meaning to our brave soldiers who have fought and won a good fight. As we think of those who have given and lost so much in the tragedy of war, O hush all our complainings and give us a richer and fuller life dedicated to the mission of the Man of Galilee. O God, hold us from all disorders and violations among ourselves and from factions which threaten well-ordered society, that our national life may be a benediction and a haven for those who have served and saved us. In our dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 156. An act relating to the status of retired judges.

EXTENSION OF REMARKS

Mr. FAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an outline of the policies and objectives of the disabled American veterans; and also I ask unanimous consent to extend my own remarks on the subject of Polish freedom.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BYRNE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a memorandum on Polish freedom.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. DICKSTEIN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a report on Jewish agriculture.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

JEWISH MEMBERS OF THE AMERICAN ARMED FORCES

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KLEIN. Mr. Speaker, I have been giving a great deal of thought, as I am sure many of us must have, to the possible mistreatment of American soldiers who are prisoners of the Nazis in Germany. Knowing the racial theories of the Nazis, and the treatment accorded to civilians because they were not members of the "master race," I have wondered what treatment our Jewish soldiers were receiving. I accordingly asked the Secretary of State for information on this subject. Let me read just one paragraph of the letter I received from Secretary of State Hull:

The Department is exercising special vigilance to prevent discrimination by the German authorities against American prisoners of war upon a racial or religious basis and it has not so far obtained evidence establishing that such discrimination exists.

I am happy to receive this assurance, and trust that our State Department will remain eternally vigilant in its desire to guard against mistreatment of our boys in uniform because they are of different religious, or have different racial, backgrounds.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks and include in the Appendix of the RECORD the correspondence which I have had with Secretary Hull on this question.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

Mr. FORAND. Mr. Speaker, my colleague the gentleman from Rhode Island [Mr. FOGARTY] has just been called home because his father has taken a turn for the worse. His father has been ill for some time. Because of this, I ask, in his behalf, that he may be granted an indefinite leave of absence.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an editorial which appeared in the Lynn Daily Item of May 2.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial on the subject of international air transportation taken from the Wall Street Journal.

The SPEAKER. Without objection, it is so ordered.

There was no objection.